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## A Year Old, Asian Crisis Just Keeps Deepening

Played Down at First, It's Now Threatening A Global Depression

By David E. Sanger  
New York Times Service

WASHINGTON — Few alarm bells rang here a year ago last weekend, when Thailand's currency melted down. "There were no crisis meetings," recalled Daniel Tarullo, President Bill Clinton's top international economic adviser until a few months ago, "and certainly no sense that this was the start of an economic crisis that might roll around the world."

### NEWS ANALYSIS

It turned out to be just that. A year later, there is no end in sight — after three huge international bailouts, the forced resignation of Asia's longest-serving ruler, a banking crisis in Japan and trouble looming from Russia to South Africa to Malaysia.

The economic crisis that was supposed to be abating now, much as Mexico's did after a year, is growing more intense.

Unlike a nuclear test in India or a provocation from Iraq, this crisis advanced so slowly that in November, President Clinton dismissed it as "a few small glitches in the road."

Today it stands as the largest single threat to the six-year economic boom in the United States.

"This is off the radar screens in terms of severity," said Allen Sinai, the chief global economist at Primark Decision Systems, an investment advisory group. "It is the single most negative economic event since the Great Depression in the United States."

While the effects on most Americans have been few so far, factories are beginning to slow, exports are beginning to pile up on the docks and members of Congress from agricultural states are beginning to speak publicly about the need for swift action, even if they are

See ASIA, Page 6

## Ulster Is Tense After Sporadic Clashes Over Ban on March

By James F. Clarity  
New York Times Service

BELFAST — Police and political leaders appealed Monday for restraint following a night of sporadic violence by Protestants protesting a British government ban on an Orange Order patriotic parade through a Roman Catholic neighborhood.

Northern Ireland was calm late Monday but this predominantly Protestant province's citizens and officials worried that sustained violence could damage the peace effort designed to end sectarian fighting. The effort appeared to be moving ahead last week with the start of work of the new Northern Ireland Assembly, which is to enact the peace agreement approved in a referendum in May.

"I'm afraid the violence will break up the whole thing," said Pádraig Hegarty, a Catholic mother of four children, whose husband was shot to death seven years ago by Protestant

See ULSTER, Page 6



Beyond the barbed wire, Orangemen camped Monday in fields around Drumcree Church.

## 10,000 Die, and India Only Shrugs

By Kevin Sullivan  
Washington Post Service

KANDLA, India — Saira Ahmed stood barefoot in the mud, kicking with her leathery toes at the shards of bones left over from the cremation of her neighbor's children.

It was almost 110 degrees Fahrenheit (43 degrees centigrade) and the sky hissed with hot little pellets of rain, but Mrs. Ahmed, 56, had no shelter except the dirty shawl she pulled tighter over her head.

All around were the shattered remains of the Shirwa Labor Camp, a city of shacks where thousands of impoverished migrant workers lived until June 9, when a cyclone roared across the tidal flats with 100-mile-an-hour winds pushing a wall of water at least eight feet high.

As many as 10,000 workers, most of whom earned a living scraping sea salt from the sun-baked flats, were swept away in India's deadliest natural disaster in five years. But this country of 950 million people has absorbed the loss of life in stride.

Even as bodies still wash ashore, to be doused with kerosene and cremated on the spot to fend off disease, new workers are traveling here to take their place, and slums dangerously close to the water's edge are being rebuilt.

The tragedy in Kandla, India's busiest industrial port, 560 miles (900 kilometers) southwest of New Delhi, illustrates a sad truth about the poorest people in one of the world's poorest nations.

Drivers who hit a cow on the streets of New Delhi face the very real threat of being attacked by a mob furious over the death of a sacred animal. But when thousands of people from society's flimsy bottom rung die in a place like Kandla, there is a collective shrug of resignation: It's tragic, but it's simply the way things are for the very poor.

As Tejash Desai, a local development official, said recently: "No one bothered about these people when they lived. Now who cares once they're dead?" Suhas Chakma, of

See INDIA, Page 4

## 'King of the Cowboys' Is Dead

Roy Rogers, 86, Actor and Singer, Made a Legendary Mark

New York Times Service

NEW YORK — Roy Rogers, a factory worker's son from Cincinnati who became Hollywood's most beloved singing cowboy and an American legend, died Monday of heart failure. He was 86, and lived with his wife and co-star, Dale Evans, on their ranch in Apple Valley near Victorville, California.

At his peak in the decade after the end of World War II, Mr. Rogers was consistently the most popular cowboy star in America, succeeding Gene Autry and William (Hopalong Cassidy) Boyd as "King of the Cowboys." A survey conducted by Life magazine among children found that when they were asked whom they most wanted to be like, Mr. Rogers rivaled Franklin D. Roosevelt and Abraham Lincoln.

His ballads as an actor, in whatever role he played, were simplicity and wholesomeness imbued in a character who always seemed gentle, even when the action was fierce and the bad guys were at their meanest. In time he evoked a vanishing America of happy trails, when men tipped their hats to ladies and sang sentimental songs around the warm glow of a campfire.

Mr. Rogers willingly shared the limelight with his wife, Dale Evans, who frequently joined him in singing — their theme song was "Happy Trails" — and kept him out of harm's way on any number of occasions; with George (Gabby) Hayes, his gregarious, rough-hewn sidekick, and with Trigger, the

golden palomino who was as clever as he was beautiful to behold, deserving of his title "The Smartest Horse in the Movies."

Mr. Rogers first saw Trigger among many horses who were auditioning for the role of his faithful stallion in "Under Western Stars," the movie that began his career in 1938.

"I got on him and rode him 100 yards and never looked at another horse," Mr. Rogers later recalled, describing Trigger as "the best thing that ever happened" to him.

Trigger, who cost \$2,500 in 1938, was most responsible to Mr. Rogers' teaching and kindness and learned many tricks.

Imprinted in the minds of generations of Americans is the memory of Trigger rearing up magnificently on his hind legs while Roy Rogers waves his hand toward the big Western sky. When Trigger died at the age of 33 in 1965, the Smithsonian Institution wanted to display him in Washington. But Mr. Rogers had him mounted (not stuffed) and he remains the most popular attraction at the Roy Rogers-Dale Evans Museum in Victorville, California.

Roy Rogers was the star of 91 feature motion pictures and 102 half-hour television films. For many Americans, the titles of his films read like a reverie of Saturday matinees at the local Bijou: "In Old Cali-

See ROGERS, Page 6

## AGENDA

### Clinton Will Visit Yeltsin in the Fall

WASHINGTON (AP) — President Bill Clinton has agreed to hold talks in Moscow in September with the Russian president, Boris Yeltsin.

A White House official announced plans for the meeting on Monday, but exact dates for the trip were not immediately available.

The Russians had been pressing President Clinton to visit Moscow this summer, but the administration said it would prefer to wait until the Russian Parliament had ratified the START-2 nuclear arms treaty.

Mr. Clinton's decision to go this fall appears to mean he is willing to wait longer for START-2 ratification.

Mr. Clinton said recently he would like his next meeting with Mr. Yeltsin to include discussions of a follow-up treaty making even further cuts in nuclear weapons.

The Dollar			
	Monday @ 4 P.M.	previous close	
New York	1.8118	1.82	
DM	140.195	140.675	
Yen	6.0755	6.1035	
FF	1.638	1.659	
Pound			
Dollars per pound			
The Dow			
	Monday close	percent change	
+66.51	9,091.77	+0.74%	
S&P 500			
+10.90	1,157.32	+0.95%	
Nasdaq			
+15.43	1,909.43	+0.81%	

### Gadhafi Trips And Breaks Hip

AL BAYDA, Libya (AP) — The Libyan leader Moammar Gadhafi fractured a bone in the hip area Monday after he tripped and fell while exercising, his doctor said.

The announcement was made during a live television broadcast in which Mr. Gadhafi lay on a hospital bed and welcomed visiting African dignitaries. He was to undergo surgery later Monday.

Speaking with his hands propping up his head, Mr. Gadhafi's voice appeared strong, but he occasionally grimaced.

His left foot, peeking out from under the sheet, rested against a traction bar attached to the bed.

The doctor described the injury as a "straightforward fracture."

### PAGE TWO Australia's 'Us-First' Champion

### THE AMERICAS Florida Evacuees Go Home

Books ..... Page 10

Crossword ..... Page 10

Opinion ..... Pages 8-9

Sports ..... Pages 20-21

Sponsored Section Pages 12-13

Germany as a Business Location

The IHT on-line www.ihl.com

## Euro Group Is Warned To Rein In Spending

Finance Ministers Balk At Santer's Demand For Reduced Deficits

By Barry James  
International Herald Tribune

BRUSSELS — The European Commission warned Monday that governments must do more to reduce budget deficits ahead of the introduction of the single currency in less than six months, but finance ministers indicated that they had little intention of going along.

The meeting of EU finance ministers provided a first public test of Europe's willingness to cut government spending since 11 countries were chosen in May to embark on monetary union.

"I cannot hide a certain unease over the trend in national budget deficits," Jacques Santer, president of the European Commission, the EU's executive body, told the finance ministers.

The commission's warning indicated that countries appeared to be slackening their efforts to rein in deficits, while an upturn in economic growth has eased the pressure on budgets, analysts said.

The meeting with ministers from countries that will adopt the single currency, the euro, also was attended by Wim Duisenberg, the president of the European Central Bank, which officially began operations last week. Mr. Duisenberg, who has frequently called for tighter spending policies and lower budget deficits, will lead the new central bank in setting European interest rates.

Mr. Santer said, "All too often you have a good budget deficit because of the prevailing economic situation. But we have to try to ensure that the deficit is kept structurally under control."

France and other countries resisted German attempts earlier this year to impose a requirement that any budget surpluses be used to correct structural budget problems — in other words, those not linked to the ebb and flow of the economy. The commission said it expected only Ireland, the Netherlands and Finland to reduce structural borrowing needs in 1999.

Experts said that Mr. Santer's warning reflected concern that unless their finances were in order, countries might not be able to deal on their own with problems such as an economic downturn affecting a particular industry or region. The currency union makes no provision for transferring resources from one area to another.

Under the criteria for joining the single currency, countries are supposed to run up deficits of no more than 3 percent of gross domestic product, and

See EUROPE, Page 6

## Manpower Inc. Is Shaken Up in Power Struggle

By Alan Friedman  
International Herald Tribune

ROME — A power struggle has triggered a global management shake-up at Manpower Inc., the temporary employment service that is by some measures the world's largest employer, sources inside and outside the company said Monday.

The Brussels-based chairman of Manpower's European and Asian operations, who is also the company's chief financial officer, resigned Monday, and a handful of top executives in Europe are also expected to leave.

The divisions began at the heart of Manpower's most important market, Europe, and follow declining group earnings and speculation on Wall Street that the company might be a takeover target.

Company insiders and industry sources said that the Brussels-based chairman, Jon Chait, had fallen out with Mitchell Fromstein, 70, chairman of the Milwaukee-based company.

The issues that divided the chairman and Mr. Chait, who was seen by some industry analysts as his heir apparent, included whether or not to expand the business through acquisitions and how to market temporary employment services across Europe.

Mr. Fromstein, in a telephone interview Monday, agreed that he and Mr. Chait had differed on these issues, but contended that "what we are putting into place is a reorganization of our senior management structure that is designed to shorten lines of communi-

See MANPOWER, Page 6

## In Soccer Semifinal, Promise of a 'Beautiful Game'

By William Gilda  
Washington Post Service

MARSEILLE — It will be Ronaldo versus the "Clockwork Orange." It will be two ardent groups of fans providing a colorful backdrop of yellow and orange, of fervor and faith. It will be a country

Newstand Prices	
Bahrain	1,000 BD
Cyprus	€ 1.00
Denmark	14.00 Dkr
Finland	12.00 Fmk
France	€ 0.85
Germany	€ 0.90
Greece	€ 0.85
Italy	€ 0.85
Japan	¥ 1,250
Korea	₩ 1,250
Spain	€ 0.85
Sweden	14.00 Sdk
Switzerland	14.00 Sfr
Taiwan	NT\$ 1,250
Thailand	฿ 1,250
U.S.	\$ 1.20
U.K.	£ 1.20
Zimbabwe	US\$40.00



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## One Nation, Divisible / Australia's 'Us-First' Champion

## An Ultranationalist Feeds a Melting Pot's Discontent

By Kevin Sullivan  
Washington Post Service

CANBERRA — Pauline Hanson walked onto a stage decorated with dozens of posters of herself wrapped in the Australian flag. A woman who has tended bar, run a fish-and-chips shop and "had her fair share of life's knocks," she looked out this recent evening at 160 other white, middle-class, "normal Australians," and gave them what they came to hear.

Ms. Hanson, a member of Parliament, said aborigines were being unfairly indulged by affirmative action programs and lavish welfare benefits. She said Asian immigrants were threatening the Australian way of life, taking Australian jobs and bringing drugs, violent crime and disease to this outpost of British and European settlers at the bottom of the world.

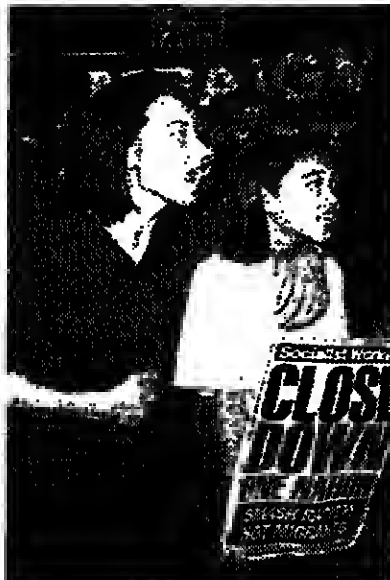
Ms. Hanson is emblematic of a phenomenon seen in a number of rich, predominantly white countries that, like Australia, are struggling to come to terms with new racial diversity. In some cases immigration has sparked a backlash, giving rise to a lightning-bolt political figure who electrifies people by saying things they may be ashamed to say themselves.

There is no doubt over the ethnic origin of some 90 percent of disease carriers, said Ms. Hanson, 44, her brow darkening beneath her brush of crayon-orange hair. "And yet," she said, "if you speak of this it is said you are racist." The crowd clapped and cheered "Hear! Hear!"

For 40 minutes she continued her angry recital of how immigrants, blacks and foreign interests are threatening to destroy traditional Australian society. The mechanics and government workers and sheep farmers and retirees in her audience cheered louder and louder as she spoke, while outside a noisy group of student protesters carrying signs in English and Chinese shouted, "Racists out!" and "Hanson scum!"

Ms. Hanson's initial speech in Parliament two years ago — in which she said Australia was in danger of being swamped by Asians who "have their own culture and religion, form ghettos and do not assimilate" — started a fiery national debate that is still being argued across the country at family dinner tables, on the radio talk shows and in Parliament.

For months, it appeared that after rising dramatically, the popularity of



Pauline Hanson, leader of the One Nation Party, draws immigrants' ire, but her inflammatory rhetoric taps into the disenchantment of what she calls 'normal Australians.'

Ms. Hanson and One Nation — the ultranationalist party she founded — had begun to dwindle. But that changed dramatically last month, when One Nation received 23 percent of the vote in elections in Ms. Hanson's home state of Queensland. Her party's candidates won 11 seats in the state legislature, and its share of the vote nationally has risen to about 13 percent.

"I think I've woken Australians up," Ms. Hanson said in an interview a few weeks before the Queensland election, sitting on a Naugahyde couch in a hallway at her fund-raiser here in Australia's capital.

Her followers had gathered at tables set up around the parquet dance floor and the mirrored stage of the Jamison Inn, upstairs from a drive-up liquor shop. The faithful each paid \$35 for dinner and the chance to meet Ms. Hanson.

Ms. Hanson and many critics agree that the appeal of her "us first" message was one reason immigration quotas were reduced by nearly 20 percent in the last two years, and why the government is weighing further cuts.

Prime Minister John Howard's government denies that Ms. Hanson influenced the cuts, citing economic realities — notably, the 9 percent unemployment rate. Though many economists disagree, Ms. Hanson and Mr. Howard say that increased immigration means increased unemployment.

Many people say they believe that Mr. Howard's political calculations al-

lowed Ms. Hanson to become a national figure two years ago. The prime minister waited eight months after Ms. Hanson's first speech in Parliament to denounce her, and then he did so in qualified language, perhaps being careful not to alienate her conservative followers. Most analysts say they believe that if Mr. Howard had immediately denounced Ms. Hanson's inflammatory rhetoric, he might have blown out her tires before she got off the runway. Now there is such bad blood between the two that Mr. Howard recently said one of Ms. Hanson's statements "verges on the deranged."

Australia is a changed place because of Ms. Hanson. Even those who despise what she says acknowledge that she has pushed the country to talk openly about a taboo subject.

"I believe that in retrospect Ms. Hanson will be seen as the piece of grit which produced the magnificent pearl of '90s Australian anti-racism," said Michael Duffy, columnist for The Australian, a daily newspaper. "I think many Australians feel a lot better about themselves thanks to Ms. Hanson. If she had not existed, we would have had to invent her."

Many people here express pride in Australia's evolution from an insulated colony of about 7 million mainly British and Irish settlers at the end of World War II into one of the most culturally and ethnically diverse societies in the world. Since the end of the official "White Australia" policy in 1973, which limited immigration for

most of this century to those of Western European descent, Australia has become a melting pot of people from more than 150 nations. Almost a quarter of the 18 million people here were born overseas, in Britain, continental Europe, Asia, Latin America, the former Soviet Union or the Middle East. Since the Vietnam War, Australia has been one of the world's biggest recipients of immigrants. It accepted about 200,000 Vietnamese and other Southeast Asian refugees — more than any nation except the United States.

Sydney today is a vibrant and colorful community filled with the food, art and fashion of a rainbow of cultures. Its universities are filled with high-achieving immigrant students, mosques and Buddhist temples attract thousands of worshippers, and multinational businesses locate here in part to take advantage of the well-educated, multilingual work force.

Australia has also benefited from closer ties with Asia. Before the recent financial crisis began, about two-thirds of Australia's exports went to Japan, South Korea, Taiwan, China and other Asian nations.

Malcolm McGregor, a columnist and political strategist, said anti-immigration sentiment had risen partly because of Australia's political changes in the past 30 years, which mirror those in the United States.

He said the Australian Labor Party, the main liberal party, had lost much support from organized labor, Catholics and other traditional backers. Just as the Democratic Party did in America, Labor maintained its liberal

agenda as the nation drifted to the right. The party's blue-collar core began to see its social and pocketbook issues better represented by the prime minister's Liberal Party, which, despite its name, is the nation's main conservative party.

But conservatives found problems of their own even after they regained control of Parliament in 1996 for the first time in more than a decade. Supporters became disillusioned with a government that sometimes seemed more committed to helping Indonesia and Thailand than to protecting Australian jobs. The two main parties were failing their core constituents, the economy was relatively weak and unemployment was staying high. Angry voters were ready for a new voice, especially one as angry as Ms. Hanson's.

AFTER two years of bruising self-reflection about Ms. Hanson and her issues, it is clear that most Australians agree that her message is too extreme. But One Nation's success in the Queensland election proves that the anger she tapped is alive and growing. And as it grows, Australia is careening toward a national election revolving largely around race issues.

In recent months, Parliament has twice rejected Prime Minister Howard's proposals to effectively scale back land rights won by Australia's 350,000 aborigines in the high court. The court in 1996 said that aboriginal people could claim some rights to vast tracts of land leased from the government by ranchers and miners.

The decision caused an uproar. Many saw it as a just decision for native people who were pushed off their land by European settlers in the last 200 years and are now a disadvantaged minority facing serious social problems. Others saw it as a misguided attempt at justice that unfairly gave away the rights of ranchers and miners.

Mr. Howard, while noting past injustices to the aborigines, said that he thought the pendulum had now swung too far toward them, and that he intended to ask Parliament again to limit the effect of the court's decision. But to avoid a third rejection by Parliament — which could trigger early national elections with racial overtones — Mr. Howard last week moderated the land-rights legislation, giving aborigines concessions without further antagonizing rural leaseholders.

He called the last-minute deal "an honorable compromise," but aboriginal spokesmen said some parts of it might be challenged in court. Mr. Howard's spokesman said some parts of it might be challenged in court.

## Opposition In Nigeria Calls for New Government

Agence France-Presse

ABUJA, Nigeria — With a U.S. delegation arriving in Nigeria to meet the new military leadership, a prominent Nigerian opposition group, called Monday for Moshod Abiola, the detained politician, to head a transitional government.

The national coordinator of the Joint Coalition of Nigeria, Gani Fawehinmi, told reporters that the group "is ready to put the lives of its members on the line to achieve democracy."

The current military regime should repeal decrees limiting political freedom, hand over power to a government headed by Mr. Abiola and then withdraw to barracks, Mr. Fawehinmi said.

Mr. Abiola, the presumed winner of elections in 1993 annulled by the military, should then convene a sovereign national conference to work out a new constitution.

The opposition call came hours ahead of the arrival of the U.S. delegation, led by Undersecretary of State for Political Affairs Thomas Pickering. The Americans were to meet the new military ruler, General Abdulsalam Abubakar, on Tuesday.

The mission is to "discuss steps we think could facilitate the transition to democratic civilian government in Nigeria," the State Department spokesman, James Rubin, said last week in Washington.

General Abubakar took over on June 9 after the death of General Sani Abacha, who had made his country an international pariah over the military's continued rule and human rights abuses.

The U.S. visit marks the first attempt by Washington to open a new chapter in relations with Nigeria, Africa's most populous country and the fifth largest oil supplier to the United States.

Two weeks ago, a British Foreign Office minister and European Union envoy, Tony Lloyd, met General Abubakar, and last week the United Nations secretary-general, Kofi Annan, and the head of the Commonwealth, Emeke Anyanwu, both paid four-day visits here.

A report in the state-run Daily Times said Monday that General Abubakar was considering delaying the military's promised handover to a civilian regime by 12 months to October 1999 in order to make political reforms.

This would probably mean that the military would play some role in government, and that a limited role, if any,

## On-Time Arrival for a New Hong Kong Handover

By Mark Landler  
New York Times Service

HONG KONG — The grandest new airport in Asia opened here at dawn Monday to generally upbeat reviews, though computer glitches temporarily darkened huge screens showing baggage-claim and flight information.

Hong Kong officials described the disruptions as "teething" and said they were fixing them as quickly as they could. The technical problems caused delays for some arriving passengers and confusion for departing ones, as they wandered the vast expanse of the terminal searching for gates.

Still, the \$20 billion airport had a far less chaotic opening day than the new Kuala Lumpur International Airport, which opened last week with delayed flights and bags, and inadequate taxis.

Hong Kong International Airport began service at 6:20 A.M., when a Cathay Pacific 747 from New York touched

down on the runway, which is built on reclaimed land just off Lantau Island, west of Hong Kong.

The flight landed barely six hours after Cathay Pacific's last plane lifted off from Kai Tak, marking the end of this 73-year-old doyen of airports, which won the hearts of some people for its in-town location and stopped the hearts of others with its spectacular, rooftop-skimming approaches.

In a frenetic few hours after midnight, Hong Kong officials moved the contents of Kai Tak 19 miles west to the new airport in a massive land, air, and sea operation. It is not the first time a city has switched airports in a one-day move — Denver and Munich both did it. But no municipality has attempted to do so on quite the same scale.

Starting shortly before the last plane took off and the runway lights at Kai Tak Airport were switched off, a convoy of 1,100 vehicles began rumbling out of the airport and onto

closed-off residential streets. At a dock next to the runway, cranes were busy loading baggage loaders, pallet pushers and other assorted airport vehicles onto 14 barges, which later steamed through Victoria Harbor to the new airport. Thirty-one passenger planes transported still more equipment from the old airport to its giant successor.

And what of the person who was supervising this vast movement of men and materiel — an operation the local government has been comparing to D-Day? "It's all in the planning. Panic doesn't help," said the police superintendent, Steve Wordsworth, as he monitored the beehive of activity on a bank of television and radar screens from his airport command center.

Still, Mr. Wordsworth acknowledged that his ice-water-in-veins demeanor was a bit of an act. The move posed immense logistical challenges: a crowded, winding

route, a tight timetable, and sporadic heavy rain. And the new airport could not open without the equipment from the old one.

The new Hong Kong airport comes with a host of superlatives: the world's largest terminal, one of the world's largest airport shopping malls and one of the highest hotels. It is also the second-most-expensive airport in history, after Kansai International in Japan — a distinction that is raising eyebrows at a time when the Asian economic crisis has depressed air travel in the region.

Hong Kong's airport handover has generated more interest here than any event since the former British colony reverted to Chinese rule. Hong Kong marked the first anniversary of that milestone last week, with back-to-back visits from Presidents Jiang Zemin and Bill Clinton. The local newspapers put the visits in the context of the new airport. They noted that Mr. Jiang became the first

passenger to depart from the airport, following a dedication ceremony on Thursday. Eight hours later, Air Force One landed at the airport, making Mr. Clinton the first passenger to arrive there.

Even Mr. Clinton expressed little regret about the end of Kai Tak — saying in a speech after he arrived here last week that landing there was "one of the most exciting and uncertain experiences" of his lifetime.

## TRAVEL UPDATE

## Pamplona Festival Begins

PAMPLONA, Spain (Reuters) — Tens of thousands of bullfighting aficionados descended on Pamplona on Monday to mark the start of the annual running of the bulls festival, a nine-day orgy of wine and bravado.

To the cries of "Viva San Fermín!" a Socialist town council member, Concha Fernandez de Pinedo, ignited the chupinazo firework rocket in the city's packed Plaza Castillo to officially start the San Fermín festival.

Wild cheers erupted from the thousands of revelers crammed into Pamplona's narrow

streets as they doused each other in champagne, danced and braced themselves for the festival's focal point — the bull runs.

Three new fires were raging Monday in central Greece after a weekend heat wave that claimed at least nine lives and destroyed dozens of houses. (AFP)

Japan Airlines Co., Japan's biggest airline, announced in Tokyo it has reached a marketing agreement with Swissair, Europe's fifth-largest airline, as the companies try to cut costs and improve their access to each other's regions. (Bloomberg)

## WEATHER

Forecast for Wednesday through Friday, as provided by AccuWeather.

Europe				Asia			
City	Today	High/Low	Forecast	City	Today	High/Low	Forecast
Algeria	72/58	72/58	Partly cloudy	Algeria	72/58	72/58	Partly cloudy
Amsterdam	58/48	58/48	Partly cloudy	Amsterdam	58/48	58/48	Partly cloudy
Ankara	72/58	72/58	Partly cloudy	Ankara	72/58	72/58	Partly cloudy
Athens	72/58	72/58	Partly cloudy	Athens	72/58	72/58	Partly cloudy
Bahamas	72/58	72/58	Partly cloudy	Bahamas	72/58	72/58	Partly cloudy
Bangkok	72/58	72/58	Partly cloudy	Bangkok	72/58	72/58	Partly cloudy
Buenos Aires	72/58	72/58	Partly cloudy	Buenos Aires	72/58	72/58	Partly cloudy
Calcutta	72/58	72/58	Partly cloudy	Calcutta	72/58	72/58	Partly cloudy
Chennai	72/58	72/58	Partly cloudy	Chennai	72/58	72/58	Partly cloudy
Colombo	72/58	72/58	Partly cloudy	Colombo	72/58	72/58	Partly cloudy
Dhaka	72/58	72/58	Partly cloudy	Dhaka	72/58	72/58	Partly cloudy
Hong Kong	72/58	72/58	Partly cloudy	Hong Kong	72/58	72/58	Partly cloudy
London	72/58	72/58	Partly cloudy	London	72/58	72/58	Partly cloudy
Los Angeles	72/58	72/58	Partly cloudy	Los Angeles	72/58	72/58	Partly cloudy
Mumbai	72/58	72/58	Partly cloudy	Mumbai	72/58	72/58	Partly cloudy
New Delhi	72/58	72/58	Partly cloudy	New Delhi	72/58	72/58	Partly cloudy
Paris	72/58	72/58	Partly cloudy	Paris	72/58	72/58	Partly cloudy
Rangoon	72/58	72/58	Partly cloudy	Rangoon	72/58	72/58	Partly cloudy
Seoul	72/58	72/58	Partly cloudy	Seoul	72/58	72/58	Partly cloudy
Singapore	72/58	72/58	Partly cloudy	Singapore	72/58	72/58	Partly cloudy
Taipei	72/58	72/58	Partly cloudy	Taipei	72/58	72/58	Partly cloudy
Tokyo	72/58	72/58	Partly cloudy	Tokyo	72/58	72/58	Partly cloudy
Yokohama	72/58	72/58	Partly cloudy	Yokohama	72/58	72/58	Partly cloudy

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COUNTRY/CURRENCY	2 MONTHS TRIAL PRICE	2 MONTHS NEWSSTAND PRICE	SAVING
AUSTRIA (S)	1.50	2.50	40%
BELGIUM (F)	1.50	2.50	40%
DENMARK (DKK)	1.50	2.50	40%
FRANCE (F)	1.50	2.50	40%
GERMANY (M)	1.50	2.50	40%
HONG KONG (HK\$)	1.50	2.50	40%
INDONESIA (Rp)	1.50	2.50	40%
JAPAN (¥)	1.50	2.50	40%
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NEW ZEALAND (NZ\$)	1.50	2.50	40%
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## THE AMERICAS

# Evacuated Residents Go Home in Florida

## Firefighters Gain Ground Against Blazes

**BUNNELL, Florida** — With firefighters gaining ground, more than 40,000 residents of Flagler County were allowed to return home Monday, and authorities said all but a handful of the county's houses had escaped damage.

The fires forced the evacuation of the entire county on Friday. Officials had feared that four fires in the area would merge and burn all the way to the Atlantic Ocean.

"We are pleased the tide has turned to some extent, at least temporarily," Lieutenant Governor Buddy Mackay said in Tallahassee.

About 97 percent of the houses in Flagler County escaped the fires, said Sheriff Robert McCarthy. About 40 to 50 homes were damaged or destroyed, but officials were still checking to get a firmer count. Some 49,000 acres (19,830 hectares) of the county had been charred.

Temperatures Monday were forecast to rise to near 100 degrees Fahrenheit (38 centigrade), which was the high on Sunday afternoon.

There is a 50 percent chance of rain the rest of this week, but a storm building in the Caribbean is not likely to reach the area. Officials have said it will take more than 10 inches (25.4 centimeters) of rain to extinguish the flames.

Although officials said the fires that have ravaged northeastern Florida for more than a month ebbed in intensity Sunday, there were scattered flare-ups. Plumes of smoke filled the sky for miles, and flames dotted many stretches of woods.

The firestorm had devoured some 458,300 acres since the end of May. State officials estimate that nearly 2,000 fires have damaged or destroyed 222 homes and businesses and injured nearly 100 people, many of them firefighters.

Only one death has been reported, an elderly man who suffered a heart attack Friday while being moved from a nursing home.

"We think it's miraculous there hasn't been more deaths," Mr. Mackay said.

The cost of fighting the fires has topped \$116 million and losses are estimated at \$276 million. The federal government has contributed \$66 million. More than 100,000 people had been evacuated from their homes, though many were allowed to return during the weekend.

The damage has been concentrated in three counties along the Atlantic coast,

from St. Augustine to near the Kennedy Space Center.

The Florida Highway Patrol said several roads closed because of the fires would be reopened for returning Flagler County residents.

However, a 100-mile (160-kilometer) section of Interstate 95 from near Jacksonville to Cocoa Beach remained closed.

Within an hour after the Flagler County evacuation order was lifted, traffic on Route 1 appeared normal again. At the Bunnell Thruway, the city's only supermarket, the manager, Tom Hubbard, prepared for an inundation.

"People will be needing the staples of life," he said.

"They'll go home and look in their refrigerator and see the milk is out of date,"

Among the returning residents, John Livingston said his house was inhabitable, but the roof was leaking after being buckled by the heat.

Authorities said late Sunday that they knew of no more active fires in hard-hit Brevard County.



Some of more than 5,000 firefighters in Florida resting before going out to beat back the raging wildfires.

# CIA Seeks 'Curmudgeon' to Signal Its Mistakes

By James Risen  
New York Times Service

**WASHINGTON** — In a classified report on how to prevent dangerous intelligence miscalculations, the Central Intelligence Agency has zeroed in on early-warning systems, starting with an obscure post in charge of contrary thinking that does not conform with the often predictable views of "experts."

In February, the national intelligence officer for warning, Robert Vickers, found himself at the center of the debate over whether India would test a nuclear device.

His job entailed arguing against conventional reactions to problems.

But after supervising a debate among specialists from the CIA and other agencies, Mr. Vickers accepted their consensus that India's new government, led by a Hindu nationalist party, would not conduct nuclear tests.

His decision not to challenge the specialists is now seen in the intelligence world as a key incident in a long chain of mistakes by officials throughout the U.S. government that contributed to one of the worst known U.S. intelligence failures in recent years.

In May, India startled the world by announcing it had detonated five nuclear devices.

A classified report on the intelligence lapse, prepared by a retired admiral, David Jeremiah, a former

vice chairman of the Joint Chiefs of Staff, says the intelligence services need to find new ways to issue warnings by making sure that "contrarian" views are heard.

In response to the report, John Gannon, chairman of the interagency National Intelligence Council, is planning to expand the use of panels of outside experts, known inside the CIA as Red Teams, to challenge the conclusions and assumptions of CIA career analysts.

But the Red Teams could cause problems, too. Such outside experts were used once before and they created poisonous rivalries. In the mid-1970s, the Ford administration used an outside panel of conservative experts, known as Team B, to discredit career CIA analysts who were regarded by Republicans as being too soft on the Soviet Union.

Soon, Team B got the reputation of being just as predictable as the conventional wisdom it was supposed to counterbalance.

Senior U.S. officials say they will be careful not to allow the new teams to be tinged by such partisanship, and stress that they will be used on a selected basis.

But such outside advice is unlikely to be considered a replacement for the full-time, in-house warning officer post, which was created in 1979 as a position on the National Intelligence Council in the wake of demands in Congress for intelligence reforms.

The officer is responsible for making certain that the United States does not find itself caught off guard by a

war or other major crisis. In particular, the warning officer is supposed to focus on potential flash points that are sources of controversy among experts or need to be of greater concern to policymakers. By definition, that means the job calls for unconventional thinking.

"When they created the job, they were trying to institutionalize the role of devil's advocate," said a former director of central intelligence, Robert Gates, who conducted a still-classified study of the warning process while he was at the agency.

The danger is that the warning officer can be easily disregarded as the agency's professional Cassandra, known for always warning of worst-case scenarios. "You have to maintain your credibility," said one official. "You can't warn on everything, or else no one will take you seriously."

"We worked this problem time and time again, and it's very difficult to get the right approach," Mr. Gates said. "If you have a warning officer who always takes a minority view, then he gets the reputation for crying wolf."

"And the worst part of the problem is that even when the warning officer is doing his job right, he is usually going to be 'wrong' because the consensus view is usually 'right'."

U.S. officials say Mr. Vickers, in the post since 1996, has tried to strike that balance, and is doing his intended "are-you-sure?" job even if proved wrong.

# Starr Decides Not to Issue Partial Report On Clinton

By Helen Dewar  
Washington Post Service

**WASHINGTON** — Kenneth Starr, the independent counsel, has decided against giving Congress an interim report on his investigation of President Bill Clinton, regardless of whether the inquiry is finished before lawmakers go home to campaign this fall, according to Mr. Starr's spokesman.

Mr. Starr's decision is likely to come as a relief to many House members of both parties who were not enthusiastic about being confronted with an impeachment controversy based on partial information before the November midterm elections.

The independent counsel will submit a report only when — and if — he determines there is "substantial and credible information" that crimes have been committed, as required by the independent counsel statute, Charles Bakaly 3d, an aide to Mr. Starr, said in an interview on NBC.

Asked whether Mr. Starr felt any obligation to submit findings to Congress before it adjourns, presumably in early October, Mr. Bakaly said there was no "timing element" or "requirement" in the law.

As for a partial report if the investigation is not completed before adjournment, he said, "No, there's not going to be one." He added that Mr. Starr would send his report to Congress only when he believed that the threshold of substantial and credible evidence had been met. The aide offered no clues when that might be.

In another interview, on CNN, Mr. Bakaly said he could not say when Mr. Starr decided against an interim report. A little over a month ago, Mr. Bakaly told interviewers that "we have not ruled out doing an interim report," saying long litigation might otherwise result in keeping information from lawmakers. But, in the meantime, several key House members made it clear that they wanted only a final report.

Mr. Bakaly also declined to say whether Mr. Starr would subpoena Mr. Clinton to go before a grand jury in the Monica Lewinsky case, but said "we believe that you can" subpoena a sitting president.

So far, at least for what is known publicly, Mr. Starr has asked — but not tried to compel — Mr. Clinton to appear, and the president has declined.

## POLITICAL

## Wanted: A U.S. Ambassador

**WASHINGTON** — There are many grand American embassies and residences around the world, including those in London, Paris and Prague. But the splendid ambassador's residence in Buenos Aires, just having undergone a major refurbishing completed this month, is said to be the grandest diplomatic building of all.

And yet, the Clinton administration has been having trouble finding someone to occupy it. The palatial residence has been vacant since December 1996, when one of President Bill Clinton's pals, James Cheek, left. Since then, the administration has drifted from one prospect to another, but has yet to put forward anyone.

President Clinton wanted to send either the former Houston mayor, Bob Lanier, or the Nevada governor, Robert Miller.

But Mr. Lanier did not want to go to Argentina and Mr. Miller, after many people urged him to stay in Nevada, also turned it down.

So then the attention shifted to New York, where an Iranian-American businessman, Hassan Nemazei, was leading the pack for a while.

Then attention drifted for a while to Marife Hernandez, a longtime Democratic Party contributor and activist in New York City.

## Gore Gives a Kennedy a Snub

**WASHINGTON** — In perhaps the first sign that Vice President Al Gore is preparing to fight for the next presidential campaign, Representative Patrick Kennedy, Democrat of Rhode Island, complained that he was left off the program of a Social Security forum in his home state because he supported the presidential aspirations of the House minority leader, Richard Gephardt, Democrat of Missouri.

It seems the young Kennedy was the only member of the Rhode Island delegation not invited to address the town-hall style meeting headlined by Mr. Gore. Even two Republicans — Senator John Chafee of Rhode Island and Representative Mark Sanford of South Carolina — got a chance to speak to a crowd of 1,000.

Mr. Kennedy's chief of staff, Tony Marchella, said the congressman was "rather disappointed" by the political cold shoulder, but one local columnist described his reaction to the snub as "livid."

## Quote/Unquote

Jesse Jackson, accusing Republicans of reducing money for low-income energy assistance and other programs to help struggling workers: "You speak of character. This is character-deficit disorder." (WP)

## Away From Politics

• The National Education Association has strongly rejected a plan to unite with its longtime rival, the American Federation of Teachers, and create a labor union twice as large as any other in the nation. (WP)

• Authorities are holding a suspect wanted in the shooting death of Major General Marion Carl, a highly decorated former Marine pilot. FBI agents arrested Jesse Stuart Pannus, 19, in Pasadena, California. (AP)

• Vandals defaced an entire neighborhood in Virginia Beach, Virginia, with racist graffiti, covering about 30 pieces of property with swastikas and slurs. The graffiti, much of it violent and obscene, defamed Jews, blacks and homosexuals. (AP)

# Mexico Ruling Party May Take a Loss With Its Victories

By James F. Smith  
Los Angeles Times Service

**MEXICO CITY** — In state elections that could foreshadow the 2000 presidential race, Mexico's long-dominant party appeared headed for victories Monday in two of three gubernatorial races but was losing a third state where it had refused to accept electoral reforms, according to exit polls.

Voter surveys by both broadcast networks showed the centrist Institutional Revolutionary Party, or PRI, winning by 5 percentage points in northern Chihuahua state, where the party had chosen its candidate, the entrepreneur Patricio Martinez, in an open party primary.

But in Zacatecas state, exit polls showed the Party of the Democratic

Revolution, or PRD, leading by 4 percent to 5 percent over the PRI. Victory would give the left-of-center PRD its first governorship and first major electoral triumph north of Mexico City.

The PRD's candidate in Zacatecas, Ricardo Monreal, had defected from the PRI to the PRD in January after the PRI leadership handed the nomination to a party insider, Jose Olvera Acevedo, rather than hold a primary.

In Durango, the third northern state holding elections Sunday, the PRI was projected to have a strong lead in its bid to hold onto the state, a longtime PRI stronghold.

The exit polls had margins of error of 3 percent, which left the Chihuahua and Zacatecas races statistically close.

The combined results of a PRI

victory in Chihuahua and Durango and a loss in Zacatecas would be powerful ammunition for reformers within the PRI, who have argued that recent defeats demand that the party democratize or risk decline.

In Chihuahua, the PRI appeared on the verge of winning back a state governorship for the first time: It lost the state to the National Action Party, or PAN, in 1992, one of a series of PRI electoral losses over the past decade that stung the world's longest-ruling political party, which has run Mexico since 1929.

The right-leaning PAN had hoped to retain the Chihuahua governorship as a signal of PAN strength as the 2000 campaign approaches. The defeat would be a blow to the party and to the outgoing PAN governor, Francisco Barrio, often mentioned as a

potential presidential candidate.

Officials reported medium to heavy turnout of up to 70 percent in the three states, and party spokesmen said no serious incidents were reported — a sharp contrast to past Mexican elections in which allegations of fraud were widespread.

Political analysts said the elections would help determine which party takes the momentum in a series of 10 state elections this year, and in the initial stages of the campaign for the 2000 presidential election.

"Without doubt, this election will have an impact on the road to 2000," Mr. Monreal of the PRD told reporters as he cast his ballot.

"If it can be done in Zacatecas, it can be done in the whole country."

The PRD made a major advance a year ago when its leader,

Cuatemoc Cardenas, won the first mayoral election in the Mexico City Federal District. The same day, opposition legislators also took away the PRI's majority in the lower house of Congress for the first time.

Only in 1989 did the PRI lose its first gubernatorial election, in Baja California, to the PAN. Since then, the PAN has won 5 more of 31 state governorships, and proclaimed itself well placed to become the first opposition party to defeat the PRI for the presidency in seven decades.

The PRI, however, looked to the state elections to regain its mandate for the 2000 election, especially with its performance in Chihuahua. The party's recent losses had encouraged the reform movement within the PRI to win approval for reforms such as the internal primaries.

# Muckraking Reporter in Peru Is Target of Press Attacks

By Clifford Krauss  
New York Times Service

**LIMA** — A leading Peruvian reporter, Angel Paz, is no stranger to trouble. He has received anonymous telephone death threats for years. Marxist terrorists have tried to kill him two times. He has been accused at different points of being a Communist and a CIA spy.

But just when he thought he had seen it all, four newspapers began subjecting him three months ago to a daily barrage of articles that questioned his character and painted him as a campaign that appears to have been orchestrated by government security officials.

Day after day, the newspapers, which typically specialize in soft pornography and blood-curdling crime reports, have been characterizing Mr. Paz, 34, a reporter with La Republica, as a liar and merchant of state secrets who is on the Ecuadorian military payroll.

The articles about him, and to a lesser extent nine other newspaper and television journalists who have investigated government corruption and human rights abuses, include intimate details of their personal lives, political pasts and finances.

"If everything they said about me were true, I'd be a millionaire," Mr. Paz said in an interview at his desk,

which was heaped with files of documents, a copy of excerpts from the Pentagon Papers, class graduation lists for the Peruvian military academy and several works by Agatha Christie.

"In truth," he said, "I don't have a car, not even a personal computer."

**"If everything they said about me were true, I'd be a millionaire. In truth, I don't have a car, not even a personal computer."**

Peruvian journalists have long been subject to arrest, bombings, wiretaps and other overt forms of censorship. But this new campaign, ostensibly by competing news organs, has galvanized the local news media to hold unusual unity protests. The daily articles have also inspired a solidarity campaign by international press groups and even drawn the Clinton administration into the fray in support of the reporters.

"This campaign in the yellow press against specific investigative journalists creates a climate of intolerance," said the U.S. ambassador, Dennis Jett, who recently made a highly publicized visit to the office of La Republica to lend Mr. Paz and his editors moral support. "It's being orchestrated by someone."

Although the four newspapers have separate editorial staffs, many of the articles about the journalists have identical headlines and texts. The paper that is giving the most prominence to the articles, El Tio, began publishing this year, shortly before the campaign began. All the

these stories," said Gustavo Mohme Llona, the owner and publisher of La Republica. "We are going to continue publishing the truth."

Mr. Mohme, who has been called a communist and "prophet of the devil" in the other papers, said he had considered suing for libel, "but we know the court system is controlled by the government, and we would certainly lose."

An article on May 25 in El Tio headlined "The Traitor Paz Sends Secret Army Documents Abroad" said, "The traitor Angel Paz maintains a permanent disinformation campaign against the armed forces."

Mr. Paz and other Peruvian journalists say that the newspapers have little credibility but that their articles nevertheless had chilling effects. Mr. Paz said he feared a common criminal or mentally ill person could take the articles as a green light to attack him as traitor.

He said he was beginning to take security measures that he learned from studying the tactics of the Shining Path, including sleeping in different homes on different nights and traveling to and from work by different routes every day.

Mr. Paz is investigating who is behind the campaign and says he has enlisted an informer in the newsroom of El Tio who sent Mr. Paz a copy of an article that was faxed to El Tio the day before

it was published word for word in the tabloid. At the top of the faxed article was the name and fax number of a public relations firm owned by Augusto Bressani, a consultant who has long worked for the Peruvian army high command.

Mr. Bressani has denied any involvement in the campaign. "It's very clear this is a sophisticated campaign, and there's strong evidence it's government orchestrated,"

Joel Simon, the Americas program director at the Committee to Protect Journalists, said here after a meeting with Mr. Fujimori.

In an interview last week, Mr. Fujimori said: "Angel Paz continues to investigate, and I invite him to continue doing so. Nobody stops him."

Aides to the two owners of El Tio said they were out of the country. Cesar Augusto Davila, director of the newspaper El Chino, another one that is attacking the journalists, refused to discuss the issue.

Asked whether government officials were behind the articles, Mr. Davila answered:

"I can't talk to you about this. Have a nice trip."

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## ASIA/PACIFIC

## Clinton's Friend Jiang: A Dubious Overselling of the Chinese Leader

By Steven Erlanger  
New York Times Service

WASHINGTON — President Bill Clinton, on his trip to China, seemed to think that he had found his Mikhail Gorbachev in President Jiang Zemin.

The problem is, Mr. Jiang is more likely to be China's Leonid Brezhnev — one of the last leaders of the Communist regime, far more interested in shoring up the party's monopoly over political power than in dismantling it.

Foreign policy analysts and even many of Mr. Clinton's Republican opponents consider this to have been a very successful trip, even though Mr. Clinton, in his characteristic effort to empathize with whomever he meets, had some extraordinary words of praise for Mr. Jiang that cut against the grain of the Chinese leader's record and reputation.

But many of these analysts say that Mr. Clinton went too far, even with the usual discount for courtesies allowed a president operating in a foreign soil.

They say that neither Mr. Jiang nor the Chinese Communist Party give any indication of a willingness to change the late Deng Xiaoping's mantra of economic reform as necessarily preceding

political reform. Nor was there any deviation from the imperative of single-party government.

Mr. Clinton called China's course of economic reform and modest increases in personal liberty "morally right." And in his closing press conference in Hong Kong on Friday, Mr. Clinton lauded Mr. Jiang, a 71-year-old, Soviet-trained engineer and apparition, as a man of "imagination," "extraordinary intellect" and "very high energy."

"Profoundly important at this moment in our history when there is so much change going on, he has a good imagination — he has vision," Mr. Clinton said. "He can imagine a future that is different from the present."

Mr. Clinton also praised Prime Minister Zhu Rongji, an economic reformer, saying: "There's a very good chance that China has the right leadership at the right time."

Others are less convinced. "Maybe Jiang has whispered some great secret into Clinton's ears," said Peter Rodman, a former Nixon and Reagan administration official now at the Nixon Center. "But I think he's wildly overstating how far this regime is willing to go. Something is opening up in China, and there is

more political ferment, but Jiang is a transitional figure. Jiang does not intend the future outcome for which Clinton is already praising him."

Robert Kagan, a critic of Mr. Clinton's China policy at the Carnegie Endowment, says there is too much wishful thinking in the president's words.

"Clinton declaring Jiang as a reformer and a democrat doesn't make it so," he said. "Have we gone back to believing in reform communism? The Chinese don't believe in it. Why should we?"

The Chinese world view, Mr. Kagan and Mr. Rodman agree, has been shaped by events of 1989: within China, with the military crackdown on democracy demonstrations in Tiananmen Square, and in the Soviet Union, where Mr. Gorbachev destroyed the Communist Party by trying to reform it and, in the process, lost the Soviet empire.

"Jiang and the whole party have gone to school on Gorbachev" as an object lesson, Mr. Rodman said. "Gorbachev's delusion was that a benign form of communism would be popular in a more pluralist system, and he took away the coercion. But when you take away the coercion, people want the real thing, which is freedom."

Richard Haass, foreign-policy director of the

Brookings Institution, gives Mr. Clinton good marks for coating his message in honey. "His personal support for Jiang is consistent with the posture of encouraging reform, of saying not, 'Tear down this wall, Mr. Gorbachev,' as Reagan did, but very much, 'We are with you, not against you,'" Mr. Haass said.

Despite Mr. Clinton's words, the Chinese model is clear: "economic reform first, then political reform as it comes," Mr. Haass added. So when Mr. Clinton eloquently recites the American position, that political reform needs to precede economic reform and is required for that reform to take root, "the Chinese just smile politely and will continue to go their way."

The important moment, Mr. Haass said, is still some time off in the future, "when economic reform requires more political loosening than the political leadership is prepared to provide or to give up."

Mike Jendzejczyk, Washington director for Human Rights Watch, said that Mr. Clinton "undermined a successful trip at the end by overselling." In Mr. Jendzejczyk's view, "neither side budged an inch, especially on human rights."

"There is a degree of wishful thinking up setting to those who want a good relationship

with China," Mr. Jendzejczyk said. "Clinton was there to negotiate as well as communicate, and whether the results justify the praise of Jiang and the endorsement of him as the man who will bring democracy to China is another question. There doesn't seem to be anything to base it on."

The real import of the trip is domestic, Mr. Haass noted, saying: "Clinton made an effort to win back control of the domestic debate on China. This will buy him some time. But the real test for the future is less what happens in China than what happens here. A lot of the praise for him is temporary, and grudging."

Mr. Clinton is already being accused of a form of moral relativism. While no one expects him to adopt the simple moral shorthand of Ronald Reagan, who called the Soviet Union an "evil empire," Mr. Clinton's tactic of listing American shortcomings while criticizing Chinese human rights violations grated on numerous ears, Mr. Rodman said.

"Clinton does it whether he's in a town meeting in Detroit or Beijing," Mr. Haass said. "But done in China, there is a degree of equivalence in that message that I find borderline offensive. Whatever our offenses, they are tiny in comparison."

## Death Penalty Sought in Trial Of Japanese Cult Defendant

Agence France-Press

TOKYO — Japanese prosecutors for the first time on Monday sought the death penalty for a former member of the Aum Shinrikyo cult charged with murder.

Kazuaki Okazaki, 37, is one of six people, including Shoko Asahara, the 43-year-old cult guru, charged with killing the anti-Aum lawyer Tsutsumi Sakamoto, his wife, Satoko, and their nine-year-old son, Tatsuhiko, in 1989.

Mr. Asahara is being tried on 17 charges, including the Sakamoto murders and the 1995 sarin nerve gas attack on the Tokyo subway that killed 12 and injured thousands. Prosecutors in Mr. Okazaki's trial said he could have prevented the gassing had he spoken out earlier.

Mr. Okazaki has also been charged with the murder, allegedly at Mr. Asahara's order, of an Aum member who sought to quit the cult.

A prosecutor told the Tokyo District Court that Mr. Okazaki "deserves a death sentence" even though he gave police clues about where the Sakamotos' bodies were buried.

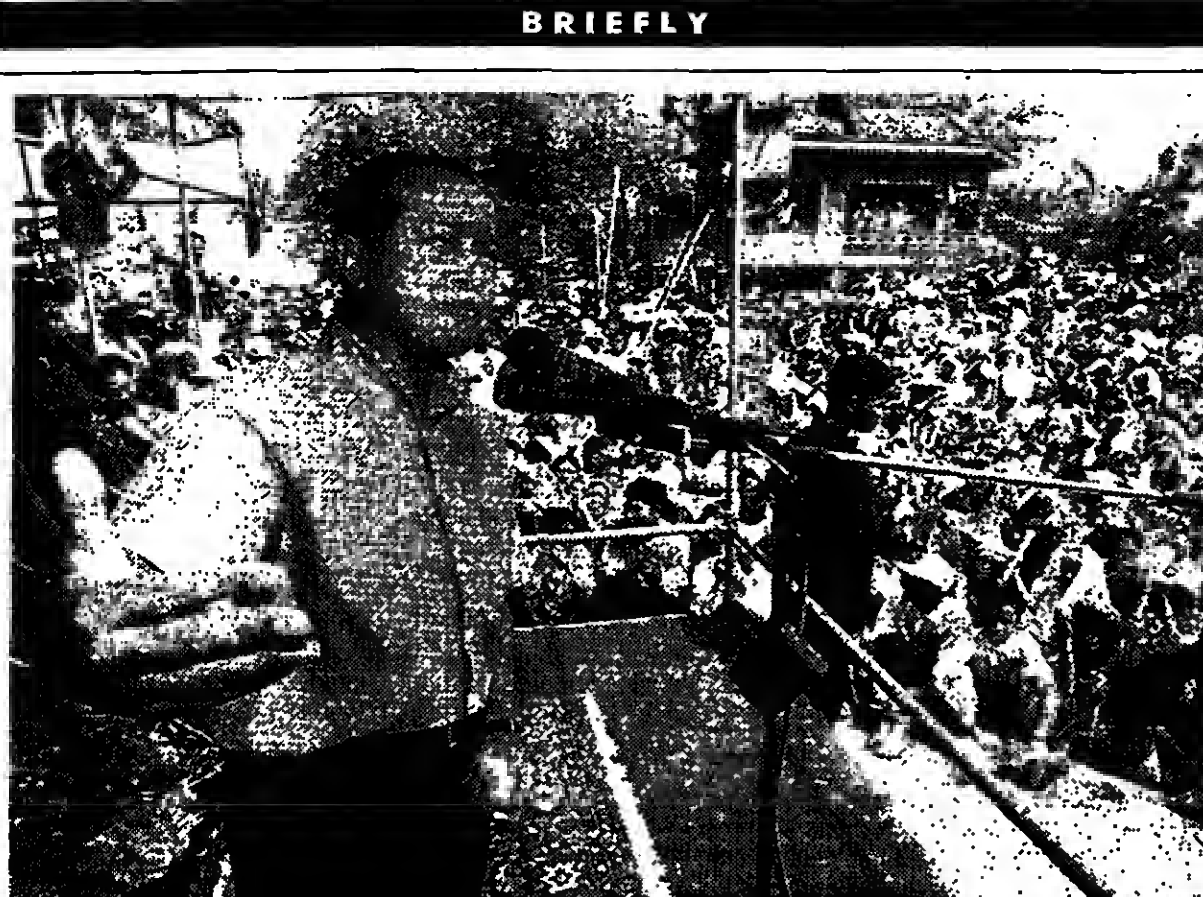
"The criminal responsibility of the accused for his role in the killing of the four people is extremely grave," the prosecutor said.

"Okazaki took an active part in the killing as he checked the unlocked door of the Sakamotos' apartment," he said. "His act is nothing but selfish in order to advance his rank in the cult."

Mr. Asahara's trial began in April 1996. The trials of five others charged with the Sakamoto murders are also continuing.

Mr. Sakamoto was helping parents who wanted their children to leave Aum and was preparing to file a lawsuit against the sect when he and his family disappeared from their apartment in Yokohama in November 1989.

The prosecution sought life imprisonment instead of the death penalty for Aum's top doctor, Ikuro Hayashi, for spreading the deadly sarin gas. This was because his confession had shed light on the cult's crimes and led to the arrest of Mr. Asahara. Mr. Hayashi, 51, was jailed for life in May.



BALLOTS, NOT BULLETS — Prince Norodom Ranariddh, who was deposed as a co-prime minister of Cambodia a year ago, speaking Monday to supporters at an election rally in Ang Tasm. The prince declared that he was opposed to the use of violence as a way to settle political differences in the country.

## Phnom Penh Blast Kills Woman in Park

PHNOM PENH — A grenade exploded at a popular children's amusement park in central Phnom Penh on Monday night, killing at least one person and badly wounding six others.

The police said the grenade appeared to have been tossed into the park from a passing motorcycle carrying one or two men. They did not suggest a motive for the attack, but said they have initially ruled out a political connection.

The blast occurred during the tense buildup to a general election scheduled for July 26, but there was no obvious political target at the site, which is near the luxury Cambodian hotel and Hun Sen Park.

A 19-year-old woman identified as Chan Pich Reasey was killed.

At least one other victim was crit-

ically wounded and near death, and the other five were in serious condition, said an official at Calmette Hospital, where the victims were taken. (AP)

## Taiwanese Politician Is Invited by Beijing

TAIPEI — High-ranking officials of Taiwan's main opposition party will take turns visiting China, signaling a softening of Beijing's policy toward advocates of Taiwan's independence, officials said Monday.

"The Chinese authorities have agreed to my visit to Xiamen later this month to attend a seminar," Chiou Jen, secretary-general of the Democratic Progressive Party, said to reporters.

Mr. Chiou said he was invited to attend a seminar in the Chinese southern coastal city of Xiamen in 1996, but Beijing authorities later objected to his

participation because of the party's pro-independence stance. (Reuters)

## Hanoi Opens Door To UN Rights Aide

HANOI — Vietnam, in a rare sign of openness, has agreed to a visit by a United Nations special rapporteur on religious intolerance. Abdelatif Amor, the Foreign Ministry spokeswoman said Monday.

"We invited Mr. Abdelatif Amor to visit Vietnam based on goodwill so that he will have conditions for a better understanding about the policies and laws as well as the real situation for religion in Vietnam," she said.

"This visit is completely not under any mandate of the Human Rights Commission," the spokeswoman added, leaving it unclear whether Vietnam had attached any conditions to the trip in October. (Reuters)

## INDIA: 10,000 Dead, and a Nation Shrugs

Continued from Page 1

the South Asia Human Rights Documentation Center, said: "If you are poor, basically your life has no value here; a cow would get more importance than a human being. There is no sense of moral outrage against injustices like this that take place in India. People just say, 'That's the way it is.'"

Complex forces shape a nation as vast as India, and a deadly mixture yielded the massive death toll at Kandla. Trying to save the millions of Indians in poverty is like standing under a waterfall with a spoon: The government's best efforts are swamped by sheer volume.

Bottom-line business nannies have no incentive to do Mother Teresa's work, and they argue that they are helping simply by giving jobs to the poor — even if those jobs eventually kill them.

Society in general cares when it can and ignores when it can't. And the irrepressible poor themselves, uneducated and desperate to survive, make themselves available as a cheap, disposable labor force. Add the indifference of nature's fury, and India endures piles of nameless, burning corpses.

It is a cycle that will surely repeat itself, and it is the cycle of Mrs. Ahmed's life. When the storm came roaring into the Shirwa camp, she escaped in a human chain of 60 or 70 people who pushed and swam their way to a three-story building nearby. Her sister and four other relatives did not make it.

"Mrs. Ahmed still comes each day to the muddy remains of her wooden hut, pushing debris this way and that for no obvious reason. 'My heart is feeling too much,' she said, as the rain soaked her through. 'My heart is broken, and my mind is not working right.'"

India has been criticized by the United States and other nations for spending billions to develop nuclear weapons rather than to improve education, health and welfare for millions who live in poverty. Last week, the government turned down Japan's offer of about \$300,000 in humanitarian aid for the cyclone victims, citing its anger over economic sanctions imposed by Japan after India conducted nuclear tests on May 11 and 13.

Although the government has sent food and promised financial aid to the cyclone victims and Prime Minister Atal Bihari Vajpayee toured the disaster area, critics here say the government has done too little for the poor of Kandla.

"If the government was serious enough, it had at least 72 hours to warn people about the cyclone," said Miss Chakma. "But the government was too

preoccupied with other political issues. The fact that poor people were going to die in a cyclone was not on the agenda for the government in Delhi."

Since the storm, critics say, the government has played down the extent of the damage to keep the public spotlight off lax regulation of industries whose workers endure miserable health and living conditions. Officially, the death toll stands at about 1,000, although relief agencies say it could easily be 10,000.

The government rejects accusations that it is indifferent to the fate of the Kandla victims. Assisted by a wide range of private aid groups, all levels of government have helped in the cleanup and relief efforts. The government has built refugee camps and plans to erect permanent settlements for salt workers farther from the dangerous seaside.

"The picture is being painted that in India there is no law for poor people; this is not a correct picture," said P.S. Gadhavi, a member of Parliament from Mr. Vajpayee's governing Bharatiya Janata Party who represents Kandla.

The state and national governments also have promised to provide about \$2,400 to the families of each of those killed — provided they can show positive proof of death, which will be impossible in the vast majority of cases.

There have been mass cremations of unidentified bodies, and many simply washed out into the Gulf of Kutch. Many of those who died here had traveled halfway across the continent to find jobs in Kandla's salt pans: vast, low-lying tidal flats, where salt, baked dry in the blistering sun, is scraped by hand from the rocks and mud.

Salt workers go blind from the reflected sun and suffer skin disease and gangrene at alarming rates from wounds constantly exposed to brine and filth. An entire family might work for days to collect a ton of salt, for which they would earn less than \$4.

Nearly a month after the storm, Kandla is still a tangle of destruction, death and rot. The storm blew down brick factory walls, bent massive cranes in two and tossed 50-foot-high oil storage tanks around like tennis balls. Huge ships were pushed so far ashore that they must be abandoned. The shacks of Shirwa and other labor camps exploded into kindling when the tidal wave crashed down.

Bodies were found hanging from electrical wires 20 feet above the ground. Corpses littered the streets and washed up on railroad tracks. The place still smells of death, with an overpowering stench of decaying soybeans, wheat and other cargo rotting in the relentless, wet heat.

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## EUROPE

## A Serb Is First To Go on Trial For Genocide In Bosnia War

Reuters

**THE HAGUE** — A Serb accused of organizing detention camps has become the first person to go to trial on genocide charges after Bosnia's three-year civil war.

The trial, which opened here Monday, involves Milan Kovacevic, 57, a hospital director who is charged with helping to organize camps in the Prijedor region of northwestern Bosnia where Muslims and Croats were raped, tortured and killed.

Mr. Kovacevic was originally charged only with complicity in genocide. But, in an amended version of the indictment, 14 counts of genocide, crimes against humanity and war crimes were added.

The prosecutor, Brenda Hollis, said Mr. Kovacevic had played a key role in the "ethnic cleansing" of Prijedor.

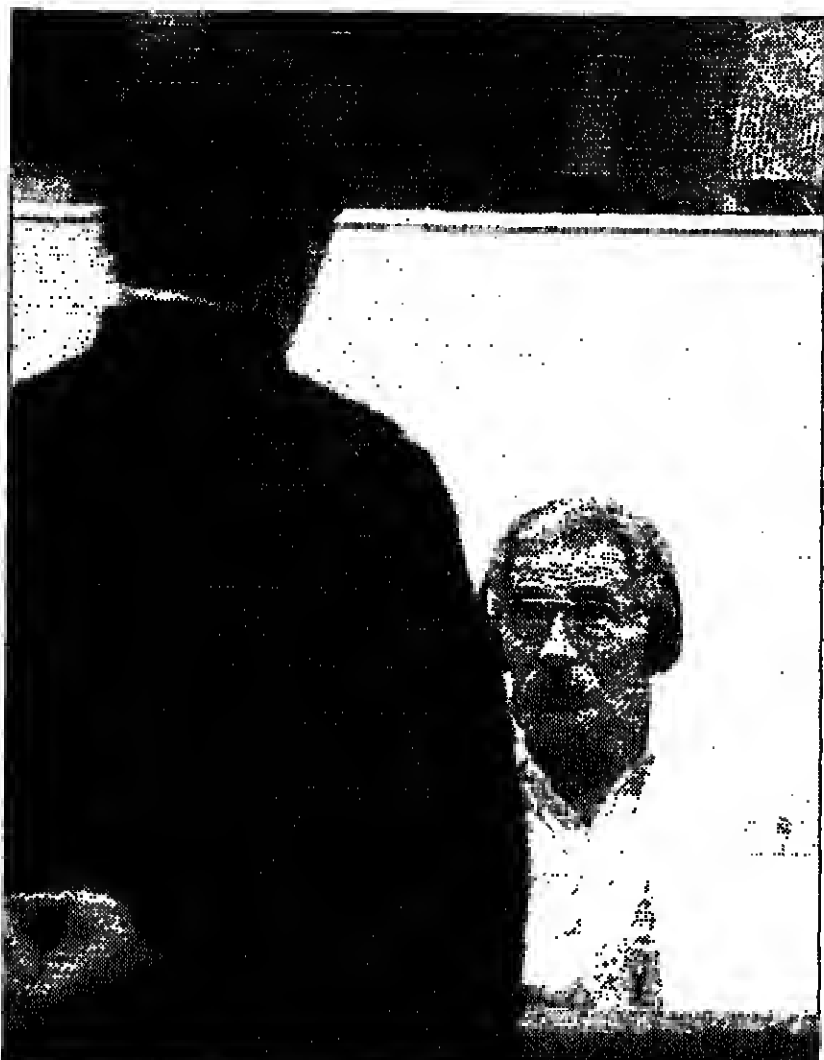
Mr. Kovacevic, dressed casually in a white shirt unbuttoned at the collar, green trousers and sports shoes, pleaded not guilty to all counts.

The indictment identifies Mr. Kovacevic as a senior official of the Serbian Democratic Party's Crisis Staff in Prijedor municipality.

The Crisis Staff organized "ethnic cleansing," prosecutors allege.

Ms. Hollis said that in 1992 non-Serbian villages in the region were attacked by Bosnian Serbs with heavy artillery. Non-Serbs were rounded up and most were sent to camps. Many did not survive.

"Conditions in the camps were such that prisoners would perish," Ms. Hollis said.



Milan Kovacevic talking to one of his lawyers Monday at the Hague.

The indictment charges that detainees in camps at Omarska, Keraterm and Trnopolje were subjected to sexual assaults, torture, beatings, robbery and other forms of mental and physical abuse.

It also says Serbian plans to create a separate Serbian territory in Bosnia-

Herzegovina called for the killing of part of the Bosnian Muslim and Bosnian Croation populations to ensure that the remainder would not want to return.

"These crimes resulted in the near destruction or actual destruction of Bosnian Muslims and Bosnian Croations in the Prijedor region," the prosecutor said.

## Frustration in Kosovo for Holbrooke

Envoy Finds Ethnic Albanians Unwilling, or Unable, to Talk

By R. Jeffrey Smith

Washington Post Service

**PRISTINA, Yugoslavia** — Richard Holbrooke, the U.S. diplomatic troubleshooter, slumped into his seat on a military plane at the airport here and described his frustration at being unable to persuade ethnic Albanian leaders to begin a meaningful dialogue with the Yugoslav government about Kosovo.

Taking care to apportion blame to the Serbs, who dominate rump Yugoslavia, as well as the ethnic Albanians who make up 90 percent of Kosovo's population, Mr. Holbrooke said Yugoslavia's refusal for a decade to allow self-government in Kosovo had robbed its people of political experience.

One result, he said, is that "as they confront twin crises of possible war and an opportunity to negotiate, they can't seem to get their act together."

Kosovo is a province of Serbia, the dominant republic in what remains of Yugoslavia, consisting now of only Serbia and neighboring Montenegro.

After concluding almost three decades of shuttle diplomacy between ethnic Albanians here in the Kosovo capital and Serbian officials in the Yugoslav capital, Belgrade, Mr. Holbrooke said he had learned how hard it would be to settle the crisis soon through dialogue.

"We are clearly in the early stages of a long, difficult negotiation more complicated than Bosnia," he said.

The settlement of the long civil war in Bosnia required months of preparation and three weeks of hard bargaining under Mr. Holbrooke's prodding.

Mr. Holbrooke is the Clinton administration's nominee to become chief delegate to the United Nations.

Mr. Holbrooke said the administration had not found a formula for achieving a settlement once negotiations begin in earnest.

"I've always said that negotiating is like jazz," he said. "It's an improvisation on a theme."

One pressing question is what form of political autonomy Kosovo should have. Another is whether military leaders of the ethnic Albanian insurgency, the Kosovo Liberation Army, will accept an agreement calling for less than outright independence for Kosovo — a goal that no foreign government is known to support.

Later Sunday, Mr. Holbrooke's plane took him back to Belgrade, where he had his third dinner in as many days with President Slobodan Milosevic. The two men have good working relations.

Mr. Holbrooke was guarded about the nature of his discussions with President Milosevic, but he said two U.S. aims were to win an "adjustment" in Serbian military activities in Kosovo and also to win Belgrade's approval of eventual "adjustments" in Kosovo's political status.

Specifically, Mr. Holbrooke said, Serbian roadblocks should be eliminated and special security forces should be withdrawn from the province. He complained about kidnappings of civilians by both Serbs and ethnic Albanians.

Mr. Holbrooke and a Russian deputy foreign minister, Nikolai Afanasyevsky, who traveled to Pristina with Mr. Holbrooke, said Serbian forces had not been committing the abuses they did earlier. "It's obvious, everyone recognizes it," the Russian official said. "Now, to fix the problem, it is important that the Albanian side show the same restraint."

Since March in Kosovo, fighting among Serbian forces, the Kosovo Liberation Army and armed civilians of both ethnic groups has taken the lives of more than 300 people and has left at least 80,000 homeless, according to hu-

manitarian groups.

But Washington's approach to the issue, which initially was to put pressure on Belgrade, has shifted since the rebels started fighting more aggressively.

Mr. Holbrooke said Washington was eager to get a dialogue started, partly to prevent the fighting from expanding beyond Kosovo's borders.

The United States is also concerned that the rebels' success and popular appeal in Kosovo are robbing the moderate ethnic Albanian political leadership of its legitimacy.

The point is to keep the insurgents — a group of disparate military units that includes recruits who support creation of a single Albanian nation incorporating Kosovo — from becoming the sole voice of the province's citizens.

The problem that Mr. Holbrooke encountered, however, is that the fractured ethnic Albanian leadership is unable to assume that role.

Ibrahim Rugova is recognized by Washington and its allies as the ethnic Albanians' chief leader because he was elected "president" of Kosovo several months ago and is known for moderate views, favoring negotiations over armed rebellion.

But many others here blame Mr. Rugova's policy of passive resistance for encouraging the formation of the Kosovo Liberation Army and fomenting the current crisis.

Mr. Holbrooke's chief critic during discussions here was Adem Demaci, a political dissident who was imprisoned for 27 years and has ties to the rebels. He has called Mr. Rugova a traitor for failing to press harder for independence.

"These guys have all learned the Lenin-Trotsky dictum: 'You've got to get control of the revolution before going after the czar,'" one Western official said. "They stand for revenge, not reconciliation."

## In Kosovo, the Patrols Begin

Observers Drive to Site of Bloody Serbian Crackdown

Reuters

**PRISTINA, Serbia** — Diplomatic observers on their first Kosovo patrol visited an area Monday where about 80 people were killed in March and said their goal was to prevent a recurrence.

Diplomats from nine countries, including the United States and Russia, left Pristina, the capital of the strife-torn southern Serbian province, Monday morning.

They went north to Mitrovica, then headed west to the edge of the Drenica Triangle, an ethnic Albanian stronghold surrounded by Serbian checkpoints. The convoy returned three hours later, having driven 130 kilometers (80 miles).

"I think we were as much observed as observers," said the French ambassador to Belgrade, Stanislas Fillion.

"I think that will help build confidence among the people here," he added.

The trip was largely symbolic, to initiate what will be a more methodical and thorough system of international patrols sought by Kosovo's ethnic Albanian majority to monitor activities of Serbian security forces, and by Serbs to check on Albanian separatist guerrillas.

Ethnic Albanians make up 90 percent of Kosovo's 1.8 million population. Militants of the clandestine Kosovo Liberation Army fighting a low-level war for independence now control a third of the province.

The diplomats, driving in armored cars and

trailed by 20 press vehicles, stopped at the village of Prekaz, in an area south of Mitrovica where one of the bloodiest incidents in the Serbian crackdown on the Kosovo rebels took place.

At least 80 people were killed, including 25 women and children, in the early days of fighting around Prekaz. The death toll from security operations in Kosovo now stands at 300.

"This reminds us of the human tragedy in Kosovo that this observer mission, we hope, will be able to bring to an end," said David Sliam, first secretary at the British Embassy as he viewed the destroyed houses.

The observers, including ambassadors and other high-ranking diplomats, also stopped at several checkpoints along the way to engage in small talk with some of the police.

Before setting out, Richard Miles, chief of mission at the United States Embassy in Belgrade, said the patrols were intended to help diplomatic efforts to find a peaceful solution to the Kosovo crisis, which the U.S. mediator, Richard Holbrooke, has said could trigger another Balkans conflict.

Mr. Miles led the column in a Chevrolet Suburban with American and Russian flags on its front bumper.

In addition to Mr. Miles and the Russian ambassador, Yuri Kotov, diplomats from France, Britain, Norway, Italy, Poland, Germany and Austria joined the patrol, mostly in cars carrying their national flags.

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### BRIEFLY

#### Hungarian Parliament Elects Prime Minister

**BUDAPEST** — Hungary's Parliament gave strong backing on Monday to Prime Minister Viktor Orban and his center-right government's program.

It approved Mr. Orban's nomination and his program by 222 to 119.

The ballot, broadcast live on television, ended a three-day parliamentary debate. Mr. Orban's Fidesz Hungarian Civic Party won elections in May, when it ousted a Socialist-led coalition. Before Monday's vote, he promised Hungarians better living standards and quick integration into the European Union. (Reuters)

#### Bonn Greens Ease Up

**BONN** — Germany's ecological Greens sought on Monday to play down their demand for a speed limit on freeways, which has sparked a dispute with the Social Democrats, their preferred coalition partners.

Greens leaders insisted that the party's call for a limit of 100 kilometers an hour (60 miles an hour) would not be a make-or-break issue in talks to form a government with the Social Democrats after September's general election. (Reuters)

#### U.S. Missiles to Turkey

**ANKARA** — The United States last month began to deliver advanced tactical ground-to-ground missiles to Turkey under a 1996 contract, Turkish military sources said Monday.

The Army Tactical Missiles System has a 150-kilometer range and is known for its high precision in hitting point targets, defense sources said.

"Turkey is buying 72 missiles and about half of them arrived in June," one military source said. (AFP)

#### French Kill Sick Cattle

**BLOIS, France** — A case of bovine spongiform encephalopathy, or "mad cow" disease, was detected in the central Loire-et-Cher region for the first time last month, Agriculture Ministry officials said Monday.

It was also the first time that a Normandy breed cow had been hit by the disease. The case was detected in late June among a herd of 52 cattle on a traditional-style farm. The herd was slaughtered early this month after the disease was detected in the dairy-cow born in December 1993.

It was the 37th case reported in France since 1990 and the sixth this year. (AFP)

## 6 Countries Fall Foul of EU Laws

The Associated Press

**BRUSSELS** — The European Union said Monday that it would take six countries to court for failing to integrate EU laws on workers' rights and safety in the workplace into national legislation.

The European Commission said in a statement it would take France, Italy, Luxembourg, Germany, Greece and Portugal before the European Court of Justice.

"The commission will spare no effort to ensure that every single social policy directive is properly transposed" in the 15 EU countries, said Pdraig Flynn, the commissioner for social affairs.

He congratulated Spain for having the best

record, 100 percent, after "a very great effort in the past 18 months." But Italy and Luxembourg are lagging far behind, he said.

The commission will sue Italy for failing to carry out EU norms on working hours and protection of workers exposed to biological agents.

Italy, Luxembourg, Germany and France will be taken to court for failure to pass appropriate laws on the equal treatment of men and women in social security programs.

Luxembourg and Portugal will be sued for failing to adopt EU norms on the rights of workers in multinational firms to be informed and consulted. The commission will take Greece to court over its laws on safety in the workplace.

مكتبة الامم المتحدة



## INTERNATIONAL

## Indonesia Police Fire on Separatists

24 Wounded by Rubber Bullets During Protest in Irian Jaya

By Cindy Shiner  
Washington Post Service

JAKARTA — Security forces fired rubber bullets Monday at demonstrators demanding independence in the province of Irian Jaya, wounding 24 people in the latest protest inspired by the new government's openness to greater political freedom.

The official Antara press agency said that the police, which are part of the military in Indonesia, fired into a crowd of about 700 demonstrators on Biak Island, off the northern coast of Irian Jaya, and detained about 180. The protesters had been waving flags for the Free Papua separatist movement.

The protest follows demonstrations Friday in Jayapura, the capital of Irian Jaya. A police intelligence officer was attacked during the protests and later died, and several protesters were wounded by rubber bullets. On Thursday, a demonstration turned violent on the western coast of Irian Jaya.

The unrest follows similar protests in East Timor in recent weeks, which were also broken up by security forces.

Both regions harbor low-level separatist movements that have sought independence from Indonesia for more than 20 years. Conservative Muslims

in the province of Aceh, on the island of Sumatra, have been in conflict with authorities for years as well.

Protests and riots that followed the shooting deaths of at least four student demonstrators helped force President Suharto to step down in May after 32 years of authoritarian rule.

The new president, B.J. Habibie, has opened the door to political reform, loosened controls on the press, released political prisoners and allowed wider expression of dissent. These moves come in the midst of the country's worst economic crisis in three decades, however, and there are mounting fears of further unrest because of unemployment, inflation and food shortages.

Official figures indicate that about 40 percent of the 200 million people in the world's fourth-most populous country now live below the poverty line. The government has raised the minimum wage by 15 percent to help soften the impact of the crisis. But unemployment is expected to reach nearly 17 million by the end of this year out of a work force of about 90 million.

Political unrest in East Timor and Irian Jaya puts yet another problem before the Habibie government.

Both his and the previous administration have argued against giving

greater autonomy to East Timor, saying that to do so would give other restive areas an incentive to break away.

Indonesia gained independence from the Netherlands in 1945, but did not incorporate Irian Jaya until nearly two decades later. The region had been part of the Dutch colonial territory, but East Timor was ruled by Portugal. Indonesia invaded East Timor in 1975 and annexed it the following year.

The United Nations still recognizes Lisbon as the territory's administrative authority, but its only link with East Timor is to provide a haven for political dissidents and to try to negotiate a settlement of the crisis.

Mr. Habibie has said he is willing to give "special status" to East Timor, and there are indications that a number of troops stationed there would be withdrawn if an agreement with the opposition were reached.

Hard-line activists want immediate independence, while more moderate voices prefer a slow drift from Indonesia to give the territory time to build a solid economic and political base.

Aceh and Irian Jaya are among the most resource-rich regions in Indonesia, but the standard of living falls well below what would be expected given the wealth that the areas produce.



President Boris Yeltsin, right, and his Kazakh counterpart, Nursultan Nazarbayev, after their talks Monday.

## Russia Signs Caspian Oil Agreement

The Associated Press

MOSCOW — President Boris Yeltsin and Kazakhstan's leader signed an agreement Monday aimed at settling a long-running dispute over control of the oil riches in the Caspian Sea.

The five nations on the Caspian have been divided for years over the question of which ones own the oil in the seabed. The three nations with oil near their coastlines — Kazakhstan, Azerbaijan and Turkmenistan — want the Caspian divided into national sectors so they can claim the oil for themselves.

But Russia and Iran, two nations with little or no oil near their Caspian coasts, wanted the sea's resources to be shared by all.

However, Russia has eased its position, and Mr. Yeltsin and President Nursultan Nazarbayev of Kazakhstan signed an agreement that divides the

northern part of the Caspian seabed into separate Russian and Kazakh sectors.

The accord is seen as a victory for Kazakhstan, because it recognizes the country's claim to the oil near its coast and sets a precedent for future agreements. Speaking to reporters after the talks, Mr. Nazarbayev said the agreement helped settle nagging political and legal questions.

"This agreement will serve not Yeltsin or Nazarbayev, but future generations," Mr. Nazarbayev said, according to Russian news reports. "Oil can bring either wealth or blood."

"It makes no sense to speak about the oil without ensuring political stability," he added.

The Caspian oil reserves are vast, but developing the fields has been a protracted process because of numerous legal disputes and the lack of an adequate

pipeline system needed to export the oil to world markets.

Kazakhstan also offered a compromise to help seal the deal. It agreed to a sharing of the Caspian's waters, which means both nations will have equal access to the sea's fishing grounds.

President Saparmurad Niyazov of Turkmenistan visited Iran on Monday for talks with President Mohammad Khatami that were expected to focus on the Caspian.

The Turkmen Foreign Ministry was giving conflicting signals Monday about the former Soviet republic's stance on the subject. It said that Turkmenistan objected to dividing the Caspian into "five seas," but added that every country should have full sovereignty over its own sector, the Interfax news agency reported. The middle of the sea could be a common zone, the report said.

## EUROPE: Single-Currency Members Are Warned to Cut Deficits

Continued from Page 1

have long-term debts of no more than 60 percent of GDP.

Countries made a great effort to whip their economies into shape in order to be chosen as founder members of the single currency earlier this year. Fourteen of the 15 EU countries generally fit the criteria, but Britain, Sweden and Denmark have chosen to remain outside the monetary union, while Greece was unable to meet the requirements.

Under the single-currency guidelines, participants that fail to meet the criteria will face heavy financial penalties unless they take immediate corrective action. But some governments, led by France, are interpreting the rules to mean that budget windfalls may be used to lift growth, reduce unemployment and cut taxes.

The ministers reached no conclusions Monday. Some agreed that growth could be used to reduce deficits further, but others said growth should be used to finance investment or a reduction in taxes, a spokesman for the commission said.

Yves-Thibault de Silguy, the EU commissioner in charge of monetary affairs, said the commission warning was meant to be salutary as governments begin the work of creating a coordinated set of budgets during the countdown to the single currency.

"Better to be given a yellow card now than a red card later," Mr. de Silguy said, borrowing the soccer terms for a referee's warning to a player (yellow card) and expulsion from a match (red).

Jean-Claude Juncker, the Luxembourg representative, said the ministers from the 11 countries were learning to discuss budgets "like we do in our national governments."

It's not a diplomatic conference here," he said.

Analysts say that unless governments can coordinate their budgets and agree on spending targets, the monetary union could come under dangerous strains.

Two countries, Italy and Belgium, have debt ratios of more than 120 percent of GDP, double the amount established under the single currency criteria. They were allowed to join the monetary union on the understanding that the debt ratio was on a downward trend toward the 60 percent mark. But Italy, for example, will take at least a decade to reach the target under even the most optimistic forecasts.

The ministers also opened debate on imposing a minimum withholding tax on foreign-held savings after Austria, as it assumed the EU presidency, stressed the importance of aligning taxes with the introduction of the euro.

Austrian officials said they would make tax alignment a priority of the country's six-month presidency. Austria has organized a meeting of economists and other experts in Vienna next week to discuss ways this could be done.

But already, a proposal to apply a 20 percent withholding tax to interest on savings accounts held by foreign residents has touched off an adverse reaction, with Britain warning that it could

damage the eurobond market and Luxembourg expressing fears that it could have a negative impact on its secrecy-bound financial industry.

The commission earlier this year proposed that governments impose the tax or set up a European-wide reporting system for all savings income in order to prevent evasion. Last year, finance ministers approved a voluntary code of business conduct, to stop countries from undercutting one another with special deals to lure investors to particular regions or industrial sectors.

Now Austrian officials say they will seek to gain support for a minimum level of corporation tax, arguing that such alignment will become increasingly necessary once the single currency comes into effect.

Rudolf Edlinger, the Austrian finance minister, said that if the proposals were accepted, the corporation tax in some countries would have to rise. But the proposals are still at a very rudimentary stage, and several countries, including Britain, are likely to oppose such a move. Austria has a corporation tax of 34 percent, close to the EU average, but the Irish corporation tax, for example, is around 10 percent, resulting in an influx of industrial investment into that country.

The finance ministers also ruled that 9 million euro coins produced by France would have to be destroyed and recycled following protests from associations representing blind people and vending-machine operators. The design of 10-cent and 50-cent euro coins will be modified.

## ULSTER: Sporadic Protestant Violence Breaks Out Over March

Continued from Page 1

paramilitaries. "I don't understand it," she added. "Why should people want to march down streets where they have no supporters?"

Referring to a Protestant thoroughfare in West Belfast, she added, "I wouldn't want to march down the Shankill."

But Andy Wood, a political consultant and former information director for the British government here, said of the violence: "I don't think it puts the peace process in crisis. They are separate matters. But it shows just how deep the fault line runs in parts of Northern Ireland society."

The sporadic disorders broke out Sunday night following the ban on the march. The Protestants were angry that the government, deploying hundreds of combat-ready troops and armed policemen, prevented an Orange Order group of several thousand men from marching in their annual, 191-year-old parade down a street in the residential Catholic neighborhood of Drumcree, in Portadown, 35 miles (55 kilometers) west of here.

Several hundred Orangemen camped out overnight in Drumcree, sleeping in pup tents decorated with British Union Jacks, vowing to stay until they received permission for their march. They claimed that they would remain peaceful, that the violent demonstrators were not Orangemen and that Orangemen were not provoking the violence.

Last night, the Orangemen were regaled by a speech by the Reverend Ian Paisley, the hard-line Protestant leader known for his open anti-Catholicism and his opposition to the peace effort and new Assembly, which is to give Catholics more power. He did not advocate violence, but he promised the campers that they would win.

Their mood Monday morning was jovial as they enjoyed celebrity, posing over and over for photographers and cameramen, and answering reporters' questions. Two years ago, in a similar dispute at Drumcree, Protestants rioted for four days after the government banned the march. This forced the government to reverse its decision and allow the march, which, in turn, provoked Catholic rioting.

Monday, the Drumcree Orangemen were saying, at their bivouac facing British security forces across a field of chest-high barbed-wire coils blocking the road to the Catholic enclave, that they would stay in the field until they got permission to march.

The Government Parades Commission said it would not change its decision. But the commission announced Monday afternoon that it would permit a disputed Orange parade to go through a



Catholic area next Monday. At that time, Orangemen throughout the province hold about 500 marches to celebrate the victory of the Protestant William of Orange over his Catholic father-in-law, King James II, at the Battle of the Boyne in 1690.

The commission chairman, Alistair Graham, noted that the permission to parade past the Catholic area, on the Lower Ormeau Road in Belfast, was granted after the commission had banned it twice in the last year. He added that this pro-Orange decision should not be seen as a "trade-off" to help balance the anti-Orange Drumcree decision. Many people here felt this was disingenuous.

Most Catholics find the parades offensive.

Protestants say they are a matter of freedom of assembly, a basic democratic right.

David Trimble, an Orangeman as well as leader of the Ulster Unionist Party and first minister of the Assembly, called Monday morning for calm and denied a published report that he was ready to quit, after a week in his job as chief executive of the province, over the Drumcree decision. Three years ago, Mr. Trimble marched in the parade and raised his arm in triumph, a gesture which led to his taking the Unionist Party leadership and, ultimately, to becoming first minister in the Assembly.

Overnight, the protesters blocked dozens of roads, hijacked and burned cars and fought several battles with police. The rioters in a Belfast neighborhood near the city center threw flaming gasoline-milk-bottle bombs at police, who pushed the attackers back by firing long, hard cylinders called plastic bullets.

There was only one serious injury in the province-wide disturbances. A man's skull was fractured by a brickbat in Londonderry.

But the rampaging Protestants stayed largely in their own neighborhoods, and there were no serious clashes with Catholics. Police said the level of violence last night was much lower than it was two years ago, during the last Drumcree crisis.

Mr. Wood, the political consultant, said, "What we need is four or five days of the world's cheapest policeman — rain."

## MANPOWER: European Chairman Leaves in Power Struggle

Continued from Page 1

cation between country managers and headquarters.

Manpower last year brokered 1.4 million temporary jobs through its 2,800 offices in 48 countries around the world.

At the same time, the company embarked on an aggressive campaign to penetrate key European markets such as France, Germany and Italy. It had 1997 group revenues of \$7.2 billion.

About 60 percent of its business is in Europe, more than half of that in France.

But the profit margins of the French business have been squeezed because of attempts to keep prices down to compete with its two main rivals, the Swiss-based Adecco and the Dutch staffing service Veeva, analysts said.

The problems in France were so serious that when Manpower last month announced that its second-quarter earn-

ings would probably slump to 32 cents from 49 cents a year ago.

Mr. Fromstein cited the French margin decline, blaming it on the costs of French social security, the national health insurance program.

Last month's announcement caused Manpower's stock price to drop 30 percent in three weeks, from \$39.50 to \$27.75 in late trading Monday.

That stock price, according to Adam Waldo, an analyst at Morgan Stanley in New York, "makes the company a fairly compelling target for a financial or strategic buyer."

Mr. Fromstein, the chairman in Milwaukee, said he doubted that the takeover bid would succeed, and he predicted that Manpower's "strength" would be shown "in the next few months."

In a telephone interview Monday, Mr. Chait said he was leaving Manpower because of differences with Mr. Fromstein over his responsibilities.

## ROGERS: America's Legendary 'King of the Cowboys' Dies at 86

Continued from Page 1

He also starred in touring rodeos, made records and had extensive business interests in real estate, music publishing and in the Roy Rogers Family Restaurants, a fast-food chain. The restaurants were part of Marriott Corp., in which Mr. Rogers held stock.

At the peak of their popularity in the late 1940s and early 1950s, Roy Rogers and Dale Evans had more than 2,000 fan clubs around the world, and hundreds of licensed products from lunch boxes to comic books bore their names and faces. Their rodeo set a box-office record at Madison Square Garden and they were the only couple to be chosen grand marshals of the Tournament of Roses parade in Pasadena.

With all of it, he and Miss Evans found time to support various Christian charities and the religious programs of the Reverend Billy Graham and Bill Bright, who founded the Campus Crusade for Christ. Mr. Rogers was also involved in programs to aid the handicapped and chronically ill, especially children.

Roy Rogers was born Leonard Franklin Slye on Nov. 5, 1911, one of four children and only son of Andrew and Hattie Womack Slye.

As a boy, Roy Rogers admired cowboy stars from the silent screen era like Hoot Gibson and Tom Mix, although his original dream was not to be a Hollywood cowboy but a dentist.

His interest in cowboys, cowboy lore and Western culture began to grow in

1919, when Andrew Slye moved his family from the city to a small farm in Duck Run, Ohio. It was there in "the last house in the hollow" that young Roy had a chance to learn the ranchhand skills and gain the familiarity with animals and nature that he would eventually put to such good use on the Hollywood range.

Later, the family moved back to Cincinnati and Mr. Rogers dropped out of school to work alongside his father in the insolent department of the United States Shoe Company to help ease Andrew Slye's growing money problems.

In 1929, as the stock market was poised to crash, Mr. Rogers moved again, this time to California, so that he could find work as a fruit picker. In short order, his entire family, struggling for survival, joined him.

Roy Rogers later recalled those years and said that when he read John Steinbeck's "Grapes of Wrath," he thought that Mr. Steinbeck had perhaps been writing about the Slye family instead of the Joads. Mr. Rogers spent many evening hours playing the guitar and singing for other farm workers and would later recall that some of his happiest memories were from the Depression years, "when we didn't have anything to eat."

To supplement his meager income picking peaches, Mr. Rogers formed a singing duo with a cousin, Stanley Slye, and the two performed at parties and square dances for whoever would hire them.

البريد الإلكتروني



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July 6, 1998

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July 7, 1998







## OPINION/LETTERS

## Revive the Ideal of Black and White Together

By Tamar Jacoby

NEW YORK — Like many whites who grew up in the 1960s and 1970s, I had always thought the ultimate goal of better race relations was integration. I came of age politically in the years when the cry was for a kind of magic — a vague but shining dream of racial equality and fairness, or all. But if integration is still most Americans' idea of the goal, few of us talk about it any more.

The word has a quaint ring today — a relic of another era, like "phonograph" or "nylons" — and the ideal has just about faded out of most discussions of race. Even President Bill Clinton's race initiative, committed to fostering "one America," talks mainly about "diversity" and "difference" rather than integration.

We both the Reverend Martin Luther King Jr. and not many of us still pursue his vision of what he called the beloved community — a more or less race-neutral America in which both blacks and whites would feel they belonged.

Today, the word "community" means not one integrated nation but a minority enclave, as in "the black community." The word "brother" evokes not the brotherhood of man but the solidarity of color. "It's a black thing" wouldn't be understood, the T-shirts say, and few of us question the underlying assumption.

In the last three or four decades, the black middle class has quadrupled, education levels have soared and blacks are increasingly represented in electoral politics and other influential realms of American life. But many blacks still feel irreparably cut off from what they see as a white world. "I've seen plenty of physical integration," a black student told me during the seven years I spent researching a book on race relations in

Since emancipation in 1863, most blacks with any realistic hope of inclusion have chosen to try to make their way into the political and economic mainstream. The first nationally known black spokesman, Frederick Douglass, was an ardent integrationist, and the popular thrust from the 19th century onward was for incorporation into the body politic. Of course, there has always been another tendency, too — the proud and angry separatism that flourished in the ghetto in periods such as the 1930s when segregation still reigned and integration seemed impossible.

## In the name of racial justice and respect, the mainstream culture has accepted the new separatism.

Detroit, Atlanta and New York. "That doesn't guarantee integration of the heart."

Only a tiny minority, black or white, have repudiated integration. But increasingly, there is a contrary mood.

Some whites, tired of the issue and the emotion that comes with it, have grown indifferent to the problems that blacks face. Other people, black and white, think of integration as more or less irrelevant to the real problems of race in America — black poverty, black joblessness, lack of black advancement. Still others, particularly blacks embittered by a long history of exclusion, view the old color-blind dream as a pernicious concept.

encry, too — the proud and angry separatism that flourished in the ghetto in periods such as the 1930s when segregation still reigned and integration seemed impossible.

Unlike the street-corner chauvinism popularized by Marcus Garvey and others in the 1930s, today's separatism does not dream of a return to Africa. Unlike the Nation of Islam, the new insularity involves few rituals. More an attitude than an ideology or a political program, it is part pride, part disappointment in whites, part diffidence, part defensiveness and part resentful defiance.

This new, "soft" form of the separatist vision is capturing poor and better-off blacks alike. It caught on first on the left, but then spread through the moderate middle and on to the new black right, where prominent conservatives such as Justice Clarence Thomas of the U.S. Supreme Court now doubt the value of mixed schooling and maintain that only blacks can help less privileged blacks out of poverty.

Gangsta rap, Louis Farrakhan's Million Man March and Spike Lee's film "Malcolm X" all reflect and endorse the credo: The system is inherently prejudiced; blacks are fundamentally different from whites; they will never

be fully at home in America; they are right to be angry, and only good can come out of cultivating this bitterness.

Unlike old-fashioned black nationalism, the new separatism often coexists with functional integrationism. Young black professionals are making their way into the system and up the ladders of mainstream success, but many feel that the system is rigged against them, and that as long as racism exists, they can only go so far. Even these prosperous citizens, wary of prejudice, often prefer to buy homes and spend their leisure time in the racial comfort zones of self-segregated suburbs.

Strangest of all, the white mainstream encourages this claim. The government favors color-coded hiring, voting and school admissions. Businesses, such as Time Warner, lead the way in promoting gangsta rap.

Philanthropic institutions fund the development of black curricula. Magazines publish profiles of black figures — intellectuals, celebrities, sports heroes and others — that make a shibboleth of "how black" they are. In the name of racial justice, accommodation and respect, the mainstream culture has accepted the new separatism.

Whatever the benefits of the new separatism in promoting pride and self-esteem, the overlay of anger and alienation that comes with it is poisoning our lives, both black and white. Underclass youths ruin their futures by declining to make an effort in the "white man's school." Others refuse to obey the "white law." Even the most promising middle-class black students are encouraged to feel different and forever apart.

Among whites, the new separatism has become an excuse for ignorance, indifference and worse. Increasingly resentful and put off by racial rhetoric, many feel little responsibility for the problems of the urban black poor. Others — including those who believe themselves free of prejudice — still harbor half-

conscious notions of black inferiority. Cut off from all but superficial contact with blacks, their stereotypes become all the more distorted.

Have Americans given up on a common humanity? My research tells me otherwise. I believe that despite their anger and alienation, most blacks want in, and most whites still want to do what they can to make America a land of opportunity and equal access. But if most Americans still believe in integration, they do not know how to reconcile that belief with identity politics and diversity.

What would real integration be like? By definition, inclusion is an ideal, more a beacon than a prescription. We know now that it will take more than physical mingling. We know it starts but does not end with equal opportunity, and we know it will not resemble the monotone conformity some people imagined in the 1950s.

The first step will be the hardest: deciding that integration is what we want. But that may not be as much of a leap as it sometimes seems. Many Americans reacted enthusiastically to Mr. Clinton's call a year ago for a national debate about race, and polls consistently show that voters would be willing to spend more for social programs if they could only be confident that the government knew what worked.

The alternative to integration is not, as many people hope, a rich feast of diversity. Far more likely, given America's history and the enduring problems many blacks face, a decision to give up on integration would leave us with a permanent, festering sore. The political values that Americans have inherited could not survive in a nation divided.

The writer is a senior fellow at the Manhattan Institute for Policy Research in New York. This article was adapted by The Washington Post from her new book, "Someone Else's House: America's Unfinished Struggle for Integration."

## With Raptures Just a Click Away, You Need to Keep Your Guard Up

By E.J. Dionne Jr.

WASHINGTON — Here is what the Internet is like.

For a column I write on the use of language, I needed to know more about the belief of some evangelical Christians in the "sacred rapture." The idea, roughly, is that at the moment of Armageddon, when the good and bad people face each other at the end of the world, God creates an opening through which all the good people are delivered from the mess and brought into heaven. The rest are in the soup.

I wanted to understand the idea behind this doctrine and so went to my trusty Web search engine. I entered the word "rapture." What I got back surprised me, but

importance of her showing in Lompoc, a blue-collar community that was seen as a classic pro-Reagan town. I had never been to Lompoc, didn't know a thing about it.

I went to the Web, found that a county supervisor from Lompoc had a Web site. Through his office, I got the home and office numbers of the mayor, Joyce Howerton. She called me in on Lompoc and gave me good quotes, too.

This is not rocket science. That is the genius of the Web. It is easy. As the Lompoc example suggests, it is possible to combine the high-tech wizardry of the Web with the most old-fashioned approach to information gathering: the conversation.

None of this makes me a cyber-utopian. This new technology is hugely important, but it does not change human nature, or the fact that we live in real places and see our neighbors as we do not see the folks in chat groups. Through the Web, you can learn much about matters that affect your children, but you still raise them face-to-face.

It is the same with democracy. Citizens can vastly expand their political knowledge from the Web and exchange thoughts with

people they might not otherwise meet. Political consultants are no doubt staying up late, cooking up new ways to use this technology for the purposes of persuasion.

But it is hard to see the Internet replacing the kitchen table or back fence argument. Nothing technological can substitute for going to one school board meeting after another until the people who run the schools fix them to your satisfaction.

So count me as a lover of the new technology — and a skeptic of any claims that it will transform human nature. The telephone has made it easier to stay in touch with your sister who lives 400 miles away. We will use the new technologies to our profit, personal and financial. But we will use them in ways that only enhance who we are. Those biblical and porn Web sites sit there, side by side, pointing to promises and temptations that long predate the information age.

Washington Post Writers Group.

Some months ago, Fred Yang, a Democratic pollster, was discussing the special election victory of Representative Lois Capps, Democrat of California, and the

With the Web you can find out things you would not have thought it possible to discover so easily.

It is also petrifying that your young kids are — or will, very soon, be — clicking around with an enviable mastery.

I came later than some (Al Gore notably) to the wonders of the Internet, so I cannot claim to be an "early adaptor," as the cybernauts would have it. But I am devoted to it now and can testify to the ways it improves productivity, at least in the newspaper column business.

If you are what you eat, you are also what you click. I click to newspaper Web sites. It is amazing how learned you can seem when you can read the local papers in Sacramento, Albuquerque, Phoenix and Fort Wayne — and Paris and London, too.

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## LETTERS TO THE EDITOR

## Military Intervention

The United States has said that it would support a UN Security Council resolution authorizing NATO air strikes to end President Slobodan Milosevic's brutal repression of the Kosovo Liberation Army, which is fighting to attain independence for the province of Kosovo.

Under Chapter VII of the UN Charter, the Security Council clearly has the power to sanction the use of military force if it determines that the present situation in Kosovo constitutes a threat to peace and security of the Balkan region.

However, the Security Council is stymied by a lack of consensus among its permanent members. The question remains whether NATO alone could legally justify military intervention.

The post-WWII legal system contained in the UN Charter outlaws the offensive use of military force as an instrument of national policy. Since nearly all the world's countries are now signatories to the Charter, this prohibition against the use of force is regarded as universal. In this scheme, force may be used legally by an UN member or group of members only in self-defense and only until the Security Council acts.

Since NATO member has been attacked, even in default of Security Council action there would seem to be no legal justification for self-defensive use of force in Kosovo. And, unlike Security Council, NATO has no authority to use military force because the situation in Kosovo presents a general threat to peace and stability in the Balkans.

A corollary legal principle forbids a nation, or group of nations, from intervening militarily or otherwise in the affairs of other states. This legal rule is an expression of the fundamental international legal principle that each nation is sovereign and has its own borders.

In spite of the seeming clarity of these legal rules and their application to the Kosovo crisis, other legal justifications for the use of force may exist. Since World War II, many states have unilaterally used military force against other states for a variety of reasons. In these cases, states have invariably proffered legal arguments to justify their actions.

Among the most widely accepted of them have been: 1) request for military assistance by a recognized government (U.S. intervention in Vietnam); 2) "anticipatory" self-defense to prevent future terrorist attacks (U.S. air strikes against Libya; Israeli incursions into southern Lebanon); 3) protection of nationals (U.S. intervention in Grenada; British invasion of the Falkland Islands).

In almost every case, however, there has been more than one legal justification argued for, and while some of these reasons may have seemed flimsy, even at the time, one of them arguably applies to Kosovo.

The only tenable reason for military intervention in Kosovo would be for humanitarian purposes — to prevent a country from persecuting its own citizens. This humanitarian rationale has been used before, for example in Somalia and Haiti, but never as the exclusive basis for intervention.

Acceptance of a humanitarian rationale for NATO military intervention in Kosovo would establish a precedent that even the most liberal NATO member is likely to oppose. It would mean that NATO could be called upon to intervene any time a govern-

ment uses force to put down an insurrection within its borders, a situation that has occurred within Russia several times since the breakup of the Soviet Union. Inevitably, the risk of military confrontations involving NATO, Russia and others would increase.

While the idea of an international force to police massive human rights abuses might sound attractive, the NATO alliance is not the vehicle to achieve that goal.

MARK A. SUMMERS,  
Jacksonville, Florida.

Regarding "Be Certain Any NATO Intervention in Kosovo is Legal," by Frederick Bonhart, (Opinion, July 1):

Since Yugoslavia (both the former and present) was never a member of the North Atlantic Treaty Organization and there is not an inkling of any threat of aggression from this country against any NATO members, the alliance has absolutely no legal basis to meddle in the internal affairs of Yugoslavia.

By illegally violating the sovereignty of Yugoslavia and the right of the Yugoslav government to protect its citizens from terrorism, we set a dangerous precedent. Europeans should beware.

MICHAEL PRAVICA,  
Cambridge,  
Massachusetts.

Meddling on Taiwan

Regarding the report "Clinton Gets Up Close to New China" (July 1):

President Bill Clinton's acquiescence in Shanghai to the so-called "three noes" is ill-advised and detrimental to stability in East Asia.

The position of the Clinton administration seems to be that the three noes were implicit in the "One China" policy. In fact, they go much

further than anything said earlier by Mr. Clinton's administration or any earlier U.S. administrations. They embolden China to move even more aggressively in isolating Taiwan and would limit Taiwan's options in any future negotiations.

A U.S. policy that attempts to block Taiwan's road to independence and its full membership in the international community represents the worst kind of meddling in Taiwan's future.

It is important for stability in East Asia — and therefore in the interest of the United States — that Mr. Clinton clearly express U.S. support for the right of the people of Taiwan to determine their own future, for acceptance by China of Taiwan as a friendly neighbor, and for acceptance by the international community of Taiwan as a full and equal member, including membership in the United Nations.

MEI-CHIN CHEN,  
Chevy Chase, Maryland.

Why have Republican Party leaders complained so much about President Clinton's trip to China? The human rights violations of the Beijing dictators were much worse when President Richard Nixon visited the Great Wall two decades ago. I don't recall any Republican defectors of human rights yawning about that trip. This is pure hypocrisy and partisan politics.

SHELDON LITT,  
Stockholm.

Back Up the Script

Regarding the report "Arrest Just a Talking Head in CNN Fiasco" and the editorial "CNN Teaches Caution" (July 4):

It is shocking to learn that CNN's Pulitzer Prize-winning correspondent, Peter Arnett, "did what he was told to do," simply reading someone else's script. Hopefully, media magnates, who do more to outsource opinion than our elected politicians, will learn from this fiasco. The Internet could offer them help, allowing important news to be backed up by extensive source documentation and making it accessible to a large audience.

LUBOMIR PESKIREVIC,  
Paris.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

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## Annual Reports



## CLARIDEN BANK

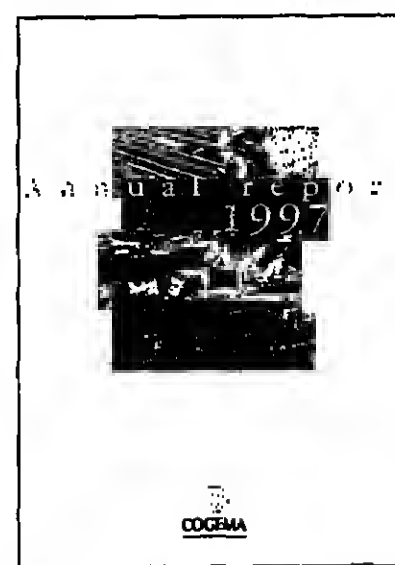
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Dexia, the European banking group created by the merger of Crédit local de France and Crédit Commercial de Belgique, reported total assets of FF 1,221 billion at the end of 1997. Europe's leading provider of public service facilities and local authorities, Dexia is also active in commercial banking and asset management. Dexia is widely represented across the European Union, has an agency in New York, and is active in many other parts of the world.

— Total assets: FF 1,221 billion (US \$185 billion approx.)  
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— Total shareholders equity: FF 39.7 billion (US \$6 billion approx.)



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## BOOKS

THE PARIS YEARS  
OF ROSIE KAMINBy Richard Teley. 218 pages.  
\$24. Steerforth.

Reviewed by Claire Messud

ROSIE Kamin's Paris years comprise half of her life. At 40, the protagonist of Richard Teley's new novel has been an expatriate since the year after her college graduation, when she bought a cheap airline ticket and fled her sharp-tongued father in Pittsburgh and the memory of the suicide of her mother, an Auschwitz survivor.

Like the quietly dissatisfied exiles of Mavis Gallant's short stories, Rosie does not inhabit a Paris of romantic extravagance. She lives in "an apartment the size of a postage stamp" and ekes out a living teaching English at the Continental Language School. An immigrant among immigrants, she haunts the streets of the 19th arrondissement, where "Algerians and Africans, Vietnamese and Cambodians mingled with the French."

In the course of 20 years, however, Rosie has carved a life for herself, and for the last 10, Serge Deneau has been at its center.

Twelve years her senior, Serge works as a ticket-taker in a repertory cinema and spends his Sundays selling L'Humanité, the communist newspaper, on the street corner. His friends and political colleagues are Rosie's friends, too, and his shrewish mother and spinster sister, Odile, are Rosie's nemesis as much as his own. Rosie's French past — unlike the weighty, clinging Pittsburgh family she has escaped — is a trio of romantic involvements with figures as liminal to French culture as she is herself, foremost among them an elusive Algerian named Benyoub, a man with "a secretive nature and a need for solitude that excluded her."

Invisible for years, Benyoub resurfaces at the same time that Serge is hospitalized for tests on his liver. The two men, vastly different, become friendly; but their juxtaposition raises, for Rosie, unspoken questions about her life and her choices.

A visit from her sister Deb, a plump, whiny 38-year-old virgin who compulsively enters contests (her Paris trip is, in fact, a prize) and speeds her free time at her New York synagogue "davening for dates," further unsettles Rosie. On a quest despite her misery, Deb reveals that she is part of a research study on the children of Holocaust survivors, and encourages Rosie to "think about what it means to be a Jew."

Rosie, living in a Paris racked by violence — she and her circle suffer muggings and racist attacks, thefts and ransackings — wants nothing less than to nurse upon her heritage, upon the pattern of loss, escape and silence that has threaded her life since her mother's suicide. But Serge's illness and even-

tual death, Benyoub's inconstant flitting in and out of view, and her sister's dogged persistence — Deb drags Rosie to Budapest, to visit their mother's childhood home — force reflection upon her. She learns that as she has moved in secrecy and denial, she has also been surrounded by it; that, like her father who "ignored everything he didn't like," she has allowed death to triumph.

Teley's direct, sensuous prose captures not only the texture of a Paris that tourists do not see; it also conveys, through a wealth of quotidian detail, the subtle flickerings of Rosie's character, of her anxious movements through the life, thin as eggshell and as precarious, that she has constructed for herself. The relationship between Rosie and Deb is particularly well drawn: Initially, Rosie tolerates and pines her dumpy sibling, but in time Deb's efforts seem increasingly courageous.

"The Paris Years of Rosie Kamin" is, in its delicate portraiture, what is often called a "small" or a "quiet" novel. But it is also an endeavor of considerable ambition, with its undertones of racial, religious and political discourse.

Just because I was born in America shouldn't mean I have to waste my time with its particular hang-ups," Rosie argues, but her flight from Pittsburgh has mired her in the hang-ups of the French, in a place where she, as a foreigner, a Jew and an American, is a hang-up herself. Teley does not make as much of this complexity as he might, preferring instead merely to report its symptoms.

What lingers after reading this fine debut novel is Rosie Kamin herself, in the lost tenderness of her bond with Serge and in the burgeoning tie with her distant sister. She may waver in the face of adversity but she is — unlike her lost mother — a survivor.

Claire Messud, author of the novel "When the World Was Steady," wrote this for The Washington Post.

THIS BLOODY MARY IS THE  
LAST THING I OWNA Journey to the End of Boxing  
By Jonathan Rendall. 187 pages.  
\$23.95. Ecco.

Reviewed by David Nicholson

THIS is a little gem of a book, immensely readable, laugh-out-loud funny and intensely moving by turns. If you're a casual fan of boxing, like me, you've probably heard of only a few of the boxers (most are British) whose lives and foibles Jonathan Rendall explores here. Still, you'll read every page avidly. And in the end, you'll wish there had been just a little more.

"This Bloody Mary Is the Last Thing I Own" takes us deep inside the dark heart of boxing, a world where young fighters billed as Stars of Tomorrow end

up as journeyman wearing "the slightly forlorn look" of "opponents who have come to lie down." It's a world where grown men cry in the ring (and not just after losing a fight), a world with occasional inspiring displays of courage that also serve as object lessons in foolishness.

All this makes "This Bloody Mary" — you have to learn to live with the tide, a quote from a tapped-out gambler late in the book — ome hell of a read.

How could it be otherwise, with Runyonesque characters like "The Astonishing" Jack Kid Berg, a fighter who'd amassed a 166-26 record and knocked out the Cuban Kid Chocolate in New York in 1930? When Rendall first meets him, Berg is a dapper little man in his eighties who chews Opomó cigars, drives a little red car one-handed, and steadfastly refuses to admit the passing of time.

"Yeah, I like Harlem very much," he tells Rendall. "The Cortoo Club, Silver Slipper. The Silver Slipper is a very good night club. And there's another place... I had an affair with a girl in the elevator there once. Amazing. I haven't been there for ages. It must be seven or eight years now."

In fact, it has been 60. And when Berg and Rendall go to New York — Berg wants to go for the legendary trainer Ray Arcel's 90th birthday — disaster looms as Berg insists on taking a cab to Harlem. I'll leave it to you to search out a copy of "This Bloody Mary" and find out what happens. But suffice it to say that The Astonishing Jack Kid Berg, only slightly abashed, concludes: "Amazing, it's all changed. But at least we met some nice fellas."

Then there's the story of Colin "Sweet C" McMillan, a promising young fighter who fits in and out of the narrative until Rendall becomes intrigued enough with him to sign on as his agent. After he helps guide McMillan to the world featherweight championship, there's a moment when it seems the glory (what Rendall calls the "glide upwards on the blue curve") will continue forever.

Of course it can't last. McMillan proves a game fighter — he continues in one bout despite a dislocated shoulder; in another he dislocates the shoulder a second time and breaks his hand, but refuses to tell his corner — but he loses the title.

It's the story that Rendall begins to see the truth of the sport he has loved since he was a child: "Only the names changed. Boxing had been leading me to a truth after all, but only to the truth about boxing. And the truth was just the story itself, the first addictive dance under the chandeliers, and then the doomed roller-coaster ride on thousands of blue curves."

Doomed, yes. But the book that came out of it makes a great ride.

David Nicholson reviewed books regularly for The Washington Post.

## INTERNATIONAL

## Old Vic Saved From Final Curtain

Charitable Trust Created to Preserve London's Threatened Theater

By Warren Hoge  
New York Times Service

LONDON — The Old Vic, one of the world's most famous stages, has been spared its final curtain by the 11th-hour creation of a charitable trust to preserve it as a theater.

Put up for sale in December, the Old Vic had faced a July 1 deadline, and London's theater world had been horrified by rumors that the highest bidders were contemplating turning the 180-year-old hall that gave birth to the National Theater and the Royal Opera and Ballet into a shopping mall, a bingo parlor or a nightclub for lap-dancing.

The rescue turned on a successful fund-raising campaign prompted by a plea from the British culture secretary, Chris Smith, and the willingness of David and Ed Mirvish, the Canadian brothers who have owned the Old Vic for the last 16 years, to accept much less than the asking price of \$12.5 million.

The trust is buying the theater for \$5.8 million, \$2.5 million of which it has raised since February and turned over to the Mirvish brothers last Thursday. It has 21 months to raise the remaining \$3.3 million through a public appeal to complete the purchase.

An annex that had been part of the original offer was sold for \$1.8 million this spring to the National Theater for use as workshop and rehearsal space.

Mr. Smith made his own appeal in a speech at the Olivier Awards dinner in February when the Mirvishes were honored for their stewardship of the theater and the investments they made in its restoration and upkeep.

"Please don't rush into a disposal of the Old Vic," Mr. Smith said then. "Give all the rest of us a chance to come forward with good high-quality proposals for its future as a theater, with a vital role to play in London's life."

The chairman of the new Old Vic Theater Trust is Alex Bernstein, the former chairman of the Granada entertainment group, and the two principal members are Stephen Daldry, director of the Royal Court theater, and Sally Greene, the London theater manager and owner.

In an effort to reduce the commercial risk of putting on high-quality drama, the trust will charge no rent to the companies whose shows it puts on its stage and will share box office profits with those companies.

Mr. Daldry said he looked forward to bringing to the Old Vic shows from places like the Donmar Warehouse, the Almeida and the Royal Court that are eager to extend the commercial life of their successful productions. "The new

charitable status of the Old Vic will place it in a position to stage the best work in the country," he said.

The first production to benefit will be a revival of "Amadeus," which is to open in October.

The production is being presented by Sir Peter Hall, the former director of the National Theater and the Royal Shakespeare Company, and there is sweetness to that selection. The Old Vic's last resident occupant was Sir Peter's repertory company, which rotated 13 shows — a mixture of classics and new works — for a year.

The company moved out in December with an emotional curtain-call farewell after a final performance of "King Lear." With the entire cast and back stage crew standing behind him, Sir Peter tearfully told the audience that he thought one would be found to keep the Old Vic alive as a theater and feared the historic space would become an amusement park attraction offering "a theater experience along the lines of the 'London Duogoon.'" He added, "I hope to heaven that this is not true, but

we are a daft country."

The 1,000-seat theater, one rundown block near Waterloo station, opened in 1818 as the Royal Coburg; it became known as the Old Vic in 1883 when it was renamed the Royal Victoria.

Its heyday began in 1919 when Lillian Baylis became its manager. She made the Old Vic a place for serious drama and Shakespeare. A penny-pinching tyrant who famously fired stagehands in her box, she would go on stage herself and plead, "God, please send me good actors, but send me cheap ones." She began the companies that became the Royal Opera and Ballet at the Old Vic.

Among the actors and actresses captured in its spotlight were Laurence Olivier, Alec Guinness, Ellen Terry, Tyrone Guthrie, Sybil Thorndike, Ralph Richardson, Michael Redgrave, Peggy Ashcroft, Richard Burton and Vivien Leigh.

Sir John Gielgud, 94, said this week that he appeared at the Old Vic as an extra while in drama school and had his first stage success there as Richard II in 1929.

## BRIEFLY

Libyan Planes Defy  
Airport Embargo

ALBAYDA, Libya — Two aircraft carrying the presidents of Niger and Chad flew here Monday in violation of the United Nations embargo against Tripoli imposed in 1992, witnesses said.

The Libyan Airlines planes, transporting President Idriss Deby of Chad and President Ibrahim Bare Mainassara of Niger, landed at Babrak Airport near the Mediterranean city of Al Bayda, 1,300 kilometers (800 miles) east of the capital, Tripoli.

They are among several African heads of state due to take part in prayers led by Colonel Moammar Gadhafi, the Libyan leader, in Al Bayda, for the Prophet Mohammed's birthday Monday.

The two countries' delegations said Libyan authorities took the initiative to risk retaliation and send the aircraft to get the two heads of state.

The UN imposed an air and arms embargo on Libya six years ago for its refusal to hand over for trial in Britain or the United States two Libyans suspected of carrying out the 1988 bomb-

ing of a Pan Am plane over Lockerbie, Scotland, in which 270 people were killed. (AFP)

## Assad to Visit France

PARIS — President Hafez Assad of Syria travels to France July 16 and 17 for his first state visit to a Western nation in 22 years, diplomatic sources said Monday.

Mr. Assad made his last unofficial trip to the West in November 1990, when he met President George Bush in Geneva.

The two discussed the Gulf crisis after Iraq's invasion of Kuwait. But his last official visit to a Western country was to France, in 1976, when Valéry Giscard d'Estaing was president and Jacques Chirac was prime minister. (AFP)

## For the Record

Adriana Suarez Arista, the wife of Aurelio Arizmendi Lopez, a leader of a Mexican kidnapping gang, has turned herself in to the police and helped them recover \$11 million, the attorney-general's firm said. (AP)

## CHESS

By Robert Byrne

THE 32d running of the Capablanca Memorial Tournament in Havana concluded with a triple tie for first place. The winners were the grandmasters Robert Hubner of Germany and Ivan Morovic of Chile and the international master Jakob Silberman of Israel.

Each scored 7-4 in the round-robin competition of 12 players. This gave Silberman his first point toward achieving grandmaster rank.

The highest tally by a Cuban player was the grandmaster Julio Becerra's 6½-4½. He tied for fourth place with the English grandmaster Tony Miles.

Hubner, a papyrologist and a former candidate for the world championship, gave an energetic demonstration of Capablanca-like positional destruction of an opponent in his fifth-round victory over Miles.

Miles's 3...b5 is an adventurous side-

line of the Benoni Defense that resembles an incipient Benko Gambit. The alternative 3...d6 4.Nc3 Qd5 5.Bd2 b5 6.Ne4 Qd4 7.Nf6 of 8.e3 Nd7 9.Bd3 Bb8 10.b3 Qd4 11.h3 Qd5 12.c4 b3 13.Nc5 14.Bd2 is, in my opinion, according to an analysis by Rustem Dautov of his game last year with Rudolf Maier in Senden, Germany. But this needs more experimentation.

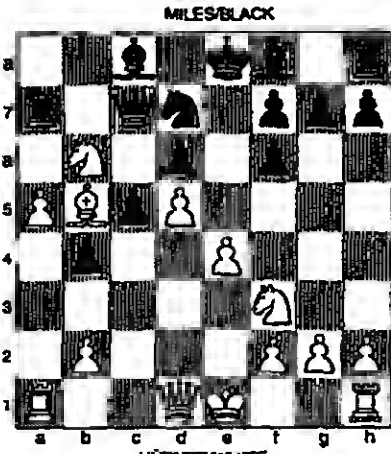
Miles's 4...Bb7 is questionable; what is the black queen bishop doing here in the long run? Either 4...d6 or 4...Qb6 should be superior.

It has generally been thought that parting with a bishop by 5.Bf6 e7 to give Black doubled pawns is not worthwhile unless White has some direct exploitation in mind.

But more and more in recent years, just the resulting inflexibility of the black kingside pawns is sufficient provocation.

Miles should probably have kept the queenside closed with 8...b4. After 8...d6? 9.cb ab 10.a4!, Hubner began an immediate assault on the light squares in that sector. And Miles would get into trouble at once if he tried 10...ba 11.Ra4 Rb4 12.Qd4 Nd7 13.Bb5 Bc8 14.Nc4. But there was nothing better.

After 10...b4, Hubner infiltrated the queenside with 11.Bb5 Nd7 12.Nc4 Qc7 13.a5. Miles could not get rid of the pestiferous bishop by 13...Ba6 because 14.Bd7 Qd7 15.Nb6 wins rook for knight. On the other hand, Black's situation was so awful that this might have been his best chance.



Position after 14...Bc8

After 14...Bc8, Hubner laid on the pressure with 15.Nd4!, the tactical point being that 15...cd? is demolished by 16.Rc1.

Miles tried to defend by 15...Rb7 but Hubner's 16.Nc8 Qc8 17.a6 Ra7 18.Nc6 Ra8 19.a7 gave him a tremendous passed pawn.

Miles's 19...Nb6, allowing a discovered check, was a sure sign of the bankruptcy of the black position. After the coldblooded 20.Nb4 Kd8 21.Nc6 Kc7, the black king could not castle kingside and White was a pawn ahead. After 22.O-O, Miles gave up his hopeless situation.

## CROSSWORD

## ACROSS

- 1 Fruit line show  
5 Observer  
10 Neighborhood of Libya  
14 Ear part  
15 Fall color  
16 In major role  
17 Scores on a game  
18 1996 film for which Geoffrey Rush won Best Actor  
19 Creature Annual's model, "her"  
20 Stan G. Olin's by Oscar Wilde

Solution to Puzzle of July 6

DOWN  
1 Wooden piece  
2 Little of Vera?  
3 Ganges brother  
4 A quark and an antiquark  
5 90's fashion accessory  
6 — Rios  
7 Jamaica  
8 Birds at sea

- 23 Neither a partner  
24 Good Housekeeping award  
25 Diddy and Derek  
26 From the jungle  
27 Brew vessels  
28 Conductor  
29 Newspaper  
30 Cozy corner  
31 Iron bar  
32 Part 2 of the thought  
33 New Testament king  
34 Flute part  
35 Part of G.E.O.  
36 "Gunsmoke" star

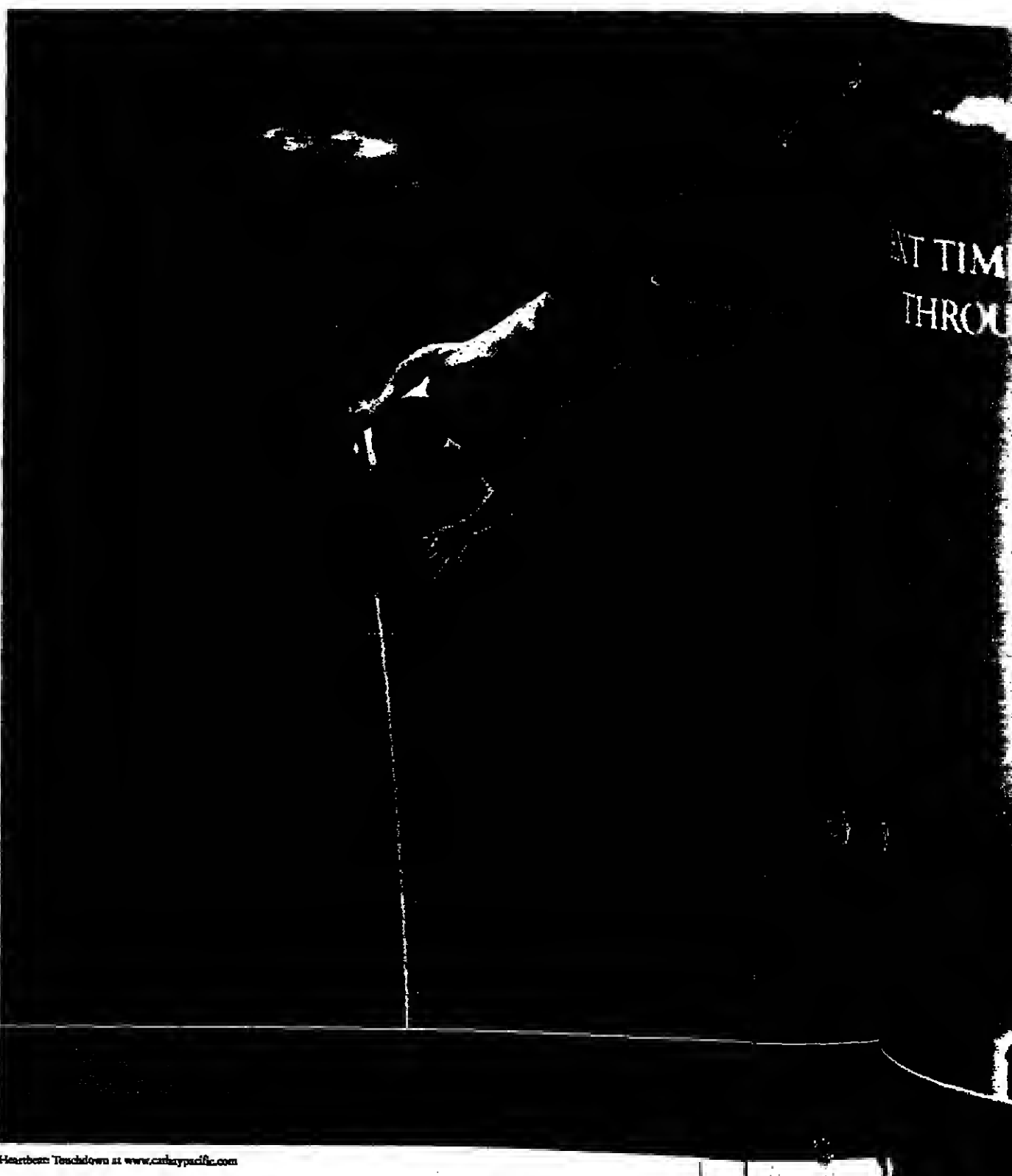
- 37 Back-to-school mo  
38 Peter Paul and Mary Ador  
39 Sleep phenomena  
40 Flight  
41 End of the thought  
42 Up to it  
43 Followed a cowboy's orders  
44 Kind of mass  
45 Safe deposit box item, perhaps  
46 Witch  
47 Great-grandson of Augustus  
48 When the French try?  
49 Carved  
50 Annexes

- 51 Brand of peanut butter cup  
52 Date  
53 Fair share, maybe  
54 Jai  
55 Game rooms  
56 "I'll never do it again," e.g.  
57 One at home  
58 South African politico  
59 Multiple-choice answer  
60 Unsmiling  
61 Clark's interest  
62 Do's and —  
63 Sravinsky et al  
64 Yogurt type  
65 R.B.I.'s and such  
66 Wind player's purchases  
67 Loose for a sparring  
68 Ford Flub  
69 Blew inward  
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# Artists and Dealers: Menswear Designers Take Sides



From Saint Laurent Rive Gauche, a skinny belted trenchcoat and fluid pants covering the shoes by designer Hedi Slimane; inset, Paul Smith's inside-out jacket showing its tailored infrastructure; from Comme des Garçons, Rei Kawakubo's ruffles inside suit jacket and on the frilled shirt.

By Suzy Menkes  
International Herald Tribune

PARIS — Over a glass of hubbly, a rumpled artist in a paint-splashed sweater and smooth guys in suits met on Paul Smith's runway.

"Artists and dealers" was the theme of his show — and it made a neat metaphor for the French menswear season that closed on Monday.

The shows were divided between creative artists and those who sniff out and commercialize their innovations.

A collective gasp went up as a model with ruffles foaming at his chest walked down stooze steps at Comme des Garçons' show. It was partly the setting, the circular forecourt of a museum etched against the dying light.

But it also recognized the imagination, inventiveness and originality of the designer Rei Kawakubo. She took the last vestige of romantic male dressing — the ruffled evening shirt — and brought it back as what she described as "secret treasure."

That meant frills hidden inside simple shirts and jackets — that were then turned on the runway to reveal their guts. Think of a sober black suit with a lining made of rivelets of ribbon; or a zippered workshirt whipped up with broderie anglaise. Yet worn right-side-out they were regular clothes.

The contrast of linear architecture and rococo decoration was carried through masterfully, from Comme's narrow tailoring to long soft jackets over sporty shorts. And more proof of Kawakubo's artistry came when suits were printed with clouds and shadows.

It was an imaginative collection with an important message: that modern men can embrace so-called feminine clothes — and stay resolutely male.

Is Smith a dealer or an artist? Backstage, in a suit with soft shoes, the designer decided he was on the dealers' side. And it was indeed hard to find much creativity in his witty but formulaic show. In it, the artists had the scruffy jeans, sweaters with rips and embroidered Prince of Wales checks, while the dealers wore Smith's familiar easy suits, lifted with bright linings but oot with inventive cutting.

The innovation was in jackets that were worked inside out. But fashion decostruction has surely had its day.

A mirrored sphere poised outside a modernistic science faculty building, was the setting for Raf Simons' incisively cut clothes. As the models appeared in silhouette on a spanning walkway, the black sleeveless coats over white shirts caught the futuristic feeling of David Bowie singing "ground control to Major Tom."

Simons' designs look like computer graphics: here a triangle of black on a white shirt, there a lineup of pants in cyber greens, blues and gray lighted with red and yellow. The pants are cut precisely, with low waists and open pleats, and long legs pouring over shoes.

The mood was sly and subversive, as if sullen schoolkids had ripped the sleeves from a jacket or challenged the uniform V-necked sweater with sour colors. Each piece was stroog and modern, and as a show it was compelling. Starkly preselected in an empty art

Van Noten's crest-print sportswear; top left, Hermes bios-cut linen mix jacket, and Yamamoto's striped pajama suits with Oriental flower inserts.

The artist's smock or workshirt is a key item. Celebrating 10 years at Hermes, designer Veronique Nicheanlan gave luxury sportswear a real elegance. Her subtle mix of grainy textures was played out against the woodblock walls of the Japanese cultural center, as unstructured jackets, stroking the body on the bias, and as crunchy knits worked with pale suede.

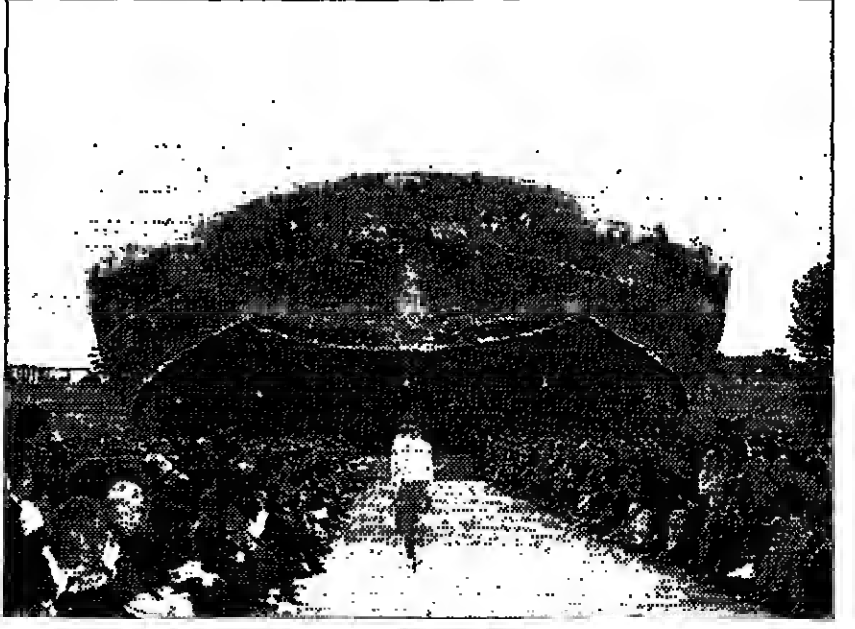
Hermes has successfully defined a style that might be described as organic luxury: modern clothes expressing the nobility of natural fabrics.

Unstructured menswear — typified by the easy shirts and jackets that Yoji Yamamoto seot out on smiling couples — was once dismissed as "art directors' clothes." But the look has now seeped into classic houses. For Dior, that meant soft jackets with a sporty elegance.

At Lanvin, Dominique Molotti played artistically with desert colors and with textures of dry crepe or jersey against shiny lacquered surfaces. They were used for languid ultralong jackets and fluid pants in the sandy shades.

Rykiel Homme's collection, built on sportswear, is moving in the opposite direction. Alongside the graphic sweaters, sleek leather pieces and terry sportswear were suits shown in modern monochrome style with dark shirts and neckties.

One trend of the menswear season cannot be missed: the shrinking of the men's swimsuit. Among his signature sculpted collarless suits and the more relaxed sportswear pieces that were this season's focus, Thierry Mugler produced itty-bitsy swimwear for men with big ambitions to strut their stuff beside the ocean.



Mirrored sphere as backdrop to Raf Simons' show of modernistic clothes.

Swire Group

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## GERMANY as a Business Location

### BANKING ON NEW MARKETS

Exciting times and exciting markets: While maintaining and expanding its lead in traditional areas such as automobiles and other heavy industry, Germany is a key player in a range of cutting-edge, high-tech sectors, such as biotechnology, microelectronics, and information and communication technologies. German companies are expanding overseas, while foreign multinationals are flocking to set up shop in the country. Demand for German products is booming and, in addition to its traditional markets, the country is exporting to new partners throughout Europe, Asia and the Americas.

## ECONOMY SENDS A STRONG MESSAGE

Rising exports and strong fundamentals.

Germany's economy is sending a strong message. In the first quarter of 1998, Germany's GDP was 3.8 percent higher than in the same period in 1997 — the best annual rate in the post-reunification era.

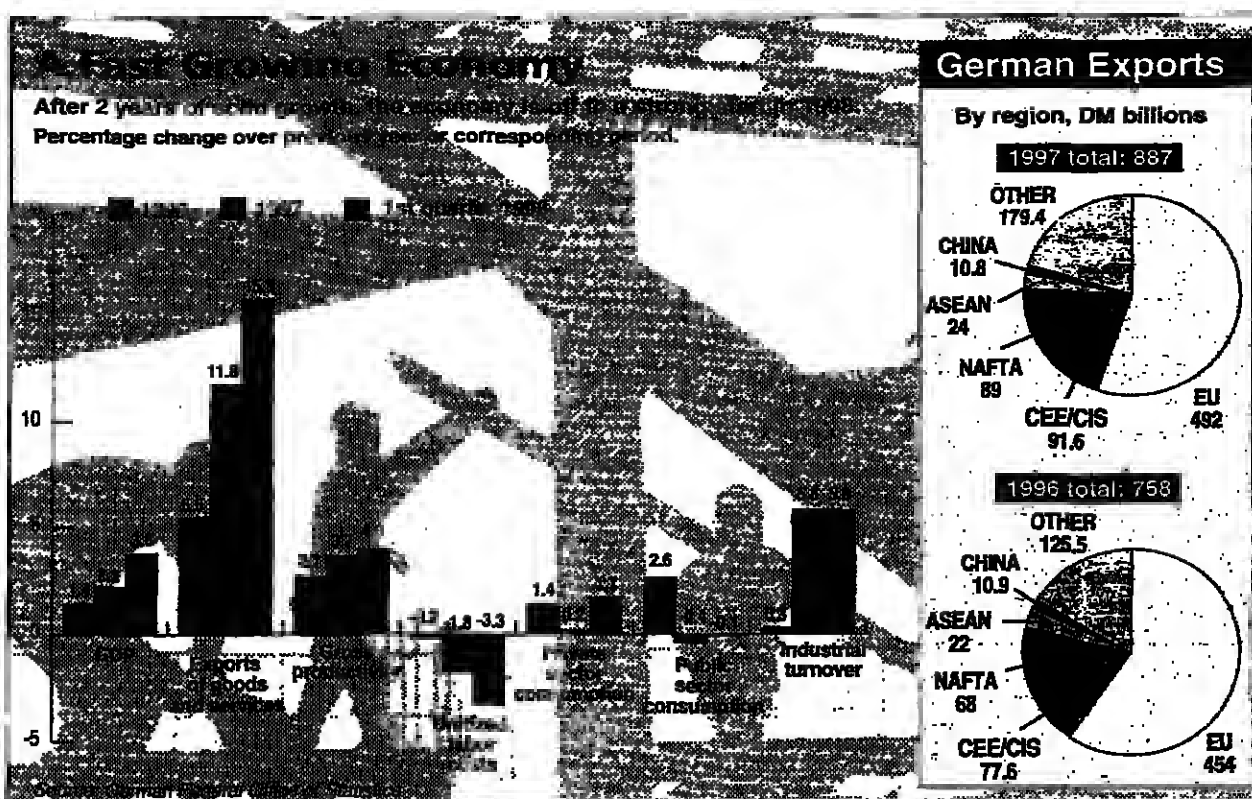
In May 1998, the number of unemployed fell by 220,000 — the sharpest monthly drop in recent German history. The unemployment rate is now below 11 percent for the first time since 1996. In even more encouraging news, the number of positions available has quadrupled over the past year, now standing at just below 500,000 jobs.

Economists at the Bundesbank and forecasting institutes were more impressed with the causes and implications of these figures than with their absolute size. As the economists pointed out, such factors as the clement weather in the winter months, which gave a boost to Germany's hard-pressed construction industry, added on a few tenths of a percentage point to both the GDP rise and unemployment decline.

Several of the institutes, therefore, have contented themselves with upping their previous forecasts of GDP growth from below 3 percent to between 3.1 percent and 3.2 percent. The forecasters also predict that the fall in unemployment will continue, albeit at a slow pace and mostly in the western part of the country.

As has been the case throughout the country's current economic upswing, now midway through its fifth year, demand from abroad continued to be a main engine of growth during the first few months of 1998.

Germany's exports were up 15.9 percent in the first quarter of 1998, in comparison with the same period of the previous year. The 19 percent rise in March this year over March 1997 was the best month-to-month rise in German export history. This rise was even more notable since the country's sales abroad grew at an impressive 12.5 percent rate in 1997.



Germany has long been the world's largest exporter of manufactured goods, ranking second to the United States in the total exports category.

Throughout the last five years, domestic demand, or rather the lack of it, has been a drag on the export-driven upswing. Demand from the country's consumers and companies has been somewhat slowed by the German government's tight money policy, a product of the government's successful push to meet the Maastricht accord's strict standards of public sector indebtedness.

The tight money policies are still in place and are still working. According to a prognosis released by the country's Ministry of Finance, the policies will reduce the public sector's deficit from 2.8 percent of GDP in 1997 to 0.5 percent by 2000.

These policies notwithstanding, domestic demand is picking up. After increasing at a modest 0.2 percent rate in 1997, private consumption is set to rise by 1.7 percent in 1998 and 2.1 percent in 1999, according to Germany's six leading economic forecasting institutes. Demand has been especially strong in the industrial sector, with orders from German companies for industrial products showing a 5.5 percent rise during the first quarter of 1998.

The revival in domestic demand stems from a rise in consumer confidence and augurs well for the economy. The emergence of this demand as the second engine of economic growth joins the "improvement in German business basics," say Bundesbank economists.

The basics include 1997's 8.5 percent rise in industrial gross productivity, following a string of annual rises recorded throughout the 1990s. As of the end of the first quarter of 1998, industrial productivity was 53 percent higher than in 1991. This rise has largely been produced by the German

business community's massive investment in new equipment and facilities. As of the end of the first quarter of 1998, the companies' capital expenditures were running 10.7 percent higher than during the same period in 1997.

Coupled with the wage restraint shown by Germany's unions, the rise in productivity has been lowering the costs of production. Germany's unitized labor costs — the amount of wages expended to produce one unit of output — fell 3.3 percent during the first quarter of 1998.

Other costs of business operation have also been falling. For example, energy costs are now 0.4 percent lower than they were a year ago. That is partially due to the deregulation of the country's energy market. Deregulation is also causing prices to fall in Germany's telecommunications sector.

Germany is also a technological powerhouse. As Minister of Foreign Affairs Klaus Kinkel points out, Germany ranks number one in patents worldwide and is the world's largest exporter of environmental technologies. Since 1996, Germany has been selling even more computers than automobiles. This is quite a statement in the land of Daimler-Benz, BMW and Alfa.

The country's rise in productivity marks a stunning turnaround. Just three to four years ago, a number of manufacturers — with the notable exception of those in the chemicals and pharmaceutical industries — were registering record losses or sharply declining profits, causing them to trim their workforces and leading analysts to predict the decline of these sectors.

Today, the improvement in Germany's basics is behind the high levels of profitability being recorded by the long-time core sectors of Germany's economy — automobiles, electronics, industrial equipment and facilities, and chemicals and pharmaceuticals — on world markets.

## VIEWS FROM THE BOARDROOM

Two leaders of fast-growing companies were asked if the advent of the euro would further the globalization of the marketplace in an appreciable way and, if not, what other factors were involved in this process.



PAULUS NIEF, FOUNDER, CHAIRMAN AND CEO OF PROELPARK MULTIMEDIA AGENCY, BERLIN

The euro will greatly ease comparisons of cost/output ratios. This, in turn, will increase competitive pressures on the international level. This applies to both the manufacturing and services industries, but not necessarily to the multimedia sector, an important component of the latter. Companies in this sector put together individualized packages of services and solutions for their customers, which limits the making of such comparisons. For that reason, the advent of the euro will have less impact on the multimedia sector than on, for example, the automobile or insurance industries. A much more important factor to us in the multimedia sector is the worldwide growth of the Internet. Coupled with the standardization of software products and the development of telecommunication technologies, this growth is internationalizing the means and content of communication. This process supports the efforts of multinational corporations to develop and implement transnational marketing campaigns, which constitute an important source of future revenue for providers of multimedia-based services. They have to come up with Web-based content that disseminates a single message around the world and also takes into account the unique characteristics of all the customer's individual markets.

FRIEDRICH VON BOHLEN UND HALBACH, CHAIRMAN OF THE EXECUTIVE BOARD, LION BIOSCIENCE AG



LION bioscience AG is a young and fast-growing genomics company that delivers bioinformatics solutions and carries out integrated genome projects. Our customers are pharmaceutical, chemical, agricultural and food companies. They number 200 and are found around the world. The development of the technologies we apply and products we sell has necessitated enormous investments and commensurate price-setting. These factors mean that we must market our products and services efficiently on a pan-European and worldwide scale, something that will be greatly facilitated by the euro. Another factor speaking in favor of the currency: Payment for these integrated projects is milestone-dependent and extends over several years. A sharp drop in the value of the U.S. dollar or pound Sterling vis-à-vis the German mark during this time could wipe out the project's entire profit margin. The euro will limit our exposure to this risk and will give us a large platform of single-currency operation.

And they are, by and large, profitable, because most of them have concentrated on providing development services and commodities to the world's major pharmaceuticals companies and other clients. One example is MPG. Based in Ebersberg, Bavaria, the company is the world's largest producer of oligos, the building blocks of biogenetic production and research.

Another example is Heidelberg-based LION, bioscience company. This successful start-up has become one of the world's leaders in the field of genomics. It carries out its work of mapping genes on an on-commission basis.

Germany's biotech service companies have been so successful in securing commissions from the world's biotech medicine developers and marketers because of the size of the country's pool of talent, says Hans Peter Kneubühl, general manager of Heidelberg's Biomeva GmbH.

He explains that Germany's biotechnicians have the expertise, dedication and flexibility needed for doing third party work.

"STANDORT DEUTSCHLAND: GERMANY AS A BUSINESS LOCATION" was produced in its entirety by the Advertising Department of the International Herald Tribune. It was sponsored by the Press and Information Office of the Federal Government. WRITER: Terry Swartzburg in Munich. PROGRAM DIRECTOR: Bill Mahder.



The new Volkswagen Beetle was one of this year's hit cars in the United States.

## AUTOMOBILE INDUSTRY ROARS BACK TO PROFITS

What a difference two years can make. In 1995, Daimler-Benz recorded a loss of 5.7 billion Deutsche marks (\$3.1 billion) for the year, the biggest loss in its history. Volkswagen recorded a meager 336 million DM profit in 1995. In 1997, the figure was 1,361 billion DM. Its largest loss — 1.9 billion DM — came in 1993.

With the exceptions of BMW and Audi, the German automobile industry as a whole was in poor shape. Sales were stagnant, and the country's manufacturers were recording drops in their share of major export markets.

In 1997, nearly all companies manufacturing automobiles registered record levels of profitability. The number of motor vehicles produced in Germany rose by almost 4 percent, with exports gaining nearly 7 percent. Germany's automobile manufacturers have been acquiring themselves particularly well in such key markets as the United States, where German companies sold 28 percent more automobiles in 1997 than in 1996.

As of the end of 1997, more than one in every seven automobiles produced worldwide during the year had been manufactured by a German company. This was an all-time high for the country.

The upswing has continued in 1998. Based on these results, Germany's association of automobile manufacturers predicts that more than 5.1 million automobiles will be produced in Germany in 1998 — an all-time high for the country.

### Investing where it counts

Flush with cash and success, German automobile manufacturers have taken to the takeover trail with spectacular results.

In March, Daimler-Benz and Chrysler merged. The new DaimlerChrysler will be headquartered in Stuttgart and will operate under Germany's legal code. Three months later, VW took over Rolls Royce, ousting out BMW. Germany's manufacturers have

achieved this turnaround by investing in new equipment and cost-cutting everywhere possible.

Over the past two years, manufacturers invested 32 billion DM in upgrading their domestic development and production facilities. The companies also slashed their development period for new models while trimming workforces and overhead.

As a result, German manufacturers have been introducing and producing attractive new models of cars at a record pace. According to the Verband der deutschen Automobilindustrie (Association of German Automobile Manufacturers), by the end of 1998, the manufacturers will have introduced 60 new models in a period of 24 months. Among them is the new VW Beetle, currently a runaway hit in America.

### Environment-friendly

Many of the models being introduced are environmentally friendly — defined by German automobile industry targets as vehicles with fuel consumption of 6 liters per 100 kilometers (roughly 40 miles to the gallon).

In 1993, none of Germany's standard-make models achieved that mark. A half decade later, 1998 models surpass this standard.

Germany's automobile suppliers have also been investing and trimming and obtaining better results. In 1997, suppliers increased their total turnover by 10 percent over the previous year.

The suppliers' success has made them some of the most sought-after corporate prey in the world.

Within the first six months of 1997, U.S. companies spent 3 billion DM on the acquisition of 10 German automobile suppliers. Thanks to these and later acquisitions, the Americans now hold just under a quarter of Germany's automobile supply sector.

## STATES VIE FOR LEADERSHIP IN BIOTECHNOLOGY

Competition is driving the German states to develop a strong biotech sector.

A few years ago, microelectronics was every German politician's favorite industry.

Each of Germany's 16 states had the fastest-developing microelectronics sector in the country, at least according to the states' ministers of economic affairs. The claims flew across the country: largest number of companies, greatest amount of output, largest number of patented inventions and much more.

This inter-state competition to be number one proved highly productive. Virtually all of Germany's states now have large-scale microelectronics sectors, and the country, once facing relegation to also-ran status in this area, has returned to being one of the world's major producers of chips in all their forms and uses.

The country's microelectronics sector is moving from strength to strength. State politicians have, however, moved on. Their new darling is biotech.

Chief claimants for being number one in Germany are Baden-Württemberg, Bavaria, Berlin-Brandenburg and Hesse.

From strength to strength Baden-Württemberg's claim is based on the greater Heidelberg-Mannheim area, home to the puissant German Center for Research into Cancer, a number of other medical and technological research institutes (maintained by both the public sector and by major pharmaceutical companies), a dedicated technology center and 50 start-ups. All told, the state has five important clusters, reports Walter Döring, Baden-Württemberg's minister of economic affairs.

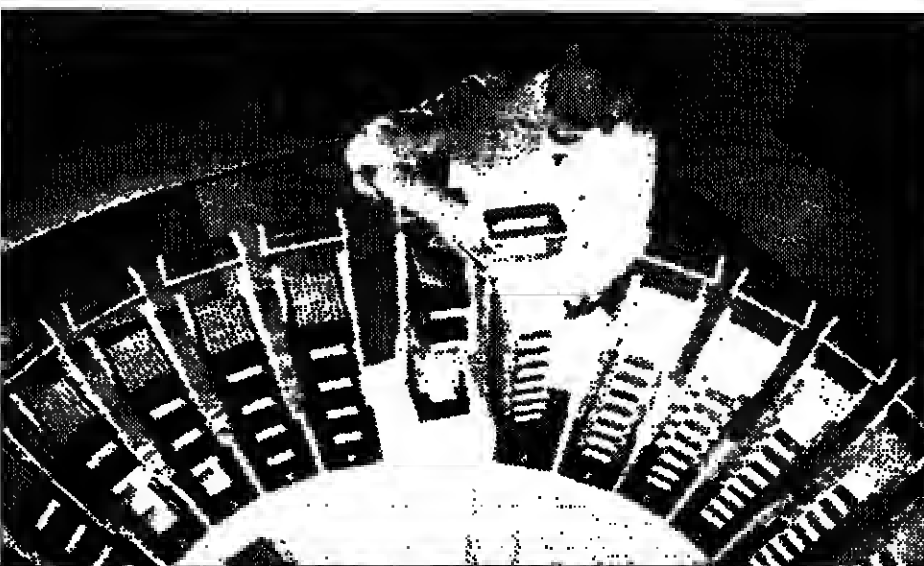
Bavaria, on the other hand, has only one real cluster, in Munich, but it is the largest in the country, at least according to local politicians. Centered in its southern suburb of Martinsried, the center is said to be home to more than 200 biotech companies. They receive two-thirds of all

biotech funding in Germany and employ one-quarter of the people working in the sector in the country, according to Otto Wiesheu, Bavaria's minister for economic affairs, transport and technology.

Wiesheu and Döring advance the same bit of evidence in substantiating their claims. Out of a large field of competing cities and areas, Heidelberg-Mannheim and Munich — plus Berlin — were chosen to be the sites of the German government's Bio-Regio scheme, designed to foster the growth of the country's biotech industry by providing Germany's most productive and promising clusters with adequate funding.

Berlin-Brandenburg has the largest agglomeration of "biotech-related research and development institutes," says Elmar Piroth, the city-state's senator (minister) of economic affairs.

If true, it wouldn't be surprising. With Germany's largest academic community, Berlin is usually number one



Biotechnology is a key industry for the future, and Germany is a world leader in the field.



## Standort: DEUTSCHLAND GERMANY as a Business Location

BANKING  
ON  
NEW MARKETS

### RIDING OUT THE ASIAN STORM

Thanks to Germany's policy of spreading its trade and investments, it's been so far, so good.

According to the Bundesbank, Germany withstood the first phase of the Asian crisis unscathed.

"The Asian crisis has hardly had any noticeable effects on the German economy," stated the bank in a recent monthly report.

#### Strong exports

That's because the country's business community has put its eggs in four baskets.

Over the last decade, the community has expanded its investments and trade in four international markets: the rest of the European Union, Asia, the Americas and Central and Eastern Europe (CEE).

Within Asia, China has become an increasingly important focus of German investment and trade.

In spite of the upheaval roiling its neighbors, the Chinese economy has remained strong.

#### An appetite for German goods

The economies of both North and South America continue to grow rapidly. The EU is showing a great appetite for German goods. These strengths are manifested in Germany's latest export figures (first quarter of 1998/first quarter of 1997), which show a 12.3 percent decline in sales to the ASEAN countries more than offset by the 30 percent rise in Germany's exports to the NAFTA (North American Free Trade Agreement) countries.

#### Fast-growing markets

Germany's sales to "other countries" — including South America, China, the CEE and many others — were up 17.3

percent. Accounting for nearly 56 percent of Germany's trade, the rest of the EU purchased 15 percent more German goods in the first quarter of 1998 than during the same period in 1997.

#### Central and Eastern Europe

Of all these export markets, it is the CEE region that is growing the fastest in importance to Germany.

The country's trade with the region has doubled over the last four years. Germany's exports to the CEE and the CIS regions grew at a 28 percent clip in 1997, to 91.6 billion DM (\$50.8 billion), with imports climbing 9.8 percent, to 75 billion DM.

Germany now accounts for about half of the CEE region's trade with the EU and a bit more than a third overall, and the CEE/CIS region accounts for 10 percent of Germany's trade. ■

## A RACE FOR CUSTOMERS IS LAUNCHED IN THE OPEN TELECOMS MARKET

Deregulation is profitable for both companies and customers.

Deutsche Telekom AG's monopoly on standard telephone services ended on Dec. 31, 1997. While bemoaning its inability to pass on the entire cost of disconnecting customers switching to its new competitors, it has nevertheless been doing quite well in the post-deregulation era. After having surpassed its previous corporate records for turnover and profitability in 1997, Telekom has forecast it will set new ones in 1998.

Its 23 major competitors have been filling the newspapers and airwaves with complaints about Telekom, which they accuse of everything from not furnishing enough grid links to blocking the formulation of industry-wide regulations. In spite of their complaints, however, they have attracted an avalanche of new business. In just four months, at the end of April, this amounted to a 6 percent market share.

The number of companies and consumers switching to MobilCom, Debitel and others has been so great that the country's new telecoms have often been weeks and even months behind in processing their new customers' paperwork. Even getting through to the new telecoms by phone or fax can take hours.

Boosted by this wave of business, the new telecoms have rapidly become the darlings of Germany's stock exchanges. The seven-year-old MobilCom's stock market capitalization has increased five-fold over the past six months, making the

company's chairman, Gerhard Schmid, one of Germany's wealthiest people.

#### Rock-bottom rates

The rock-bottom rates offered by the new telecoms and by Telekom are responsible for the flood of customer link-up orders. Rates offered on Jan. 1, 1998 were 30 percent to 60 percent lower than on Dec. 31, 1997. Since then, the country's telecoms have been in a mad race to remain the cheapest on the market. That would have made the country's customers very happy, except for the fact that each company defines "cheapest" in its own way. Wading through the telecoms' widely varying tables of charges for local, regional, national and international calls made during their individually defined off and peak times can be a frustrating experience for those not used to comparison shopping in this area. The same situation applies in the booming mobile and data communications segments of Germany's telecom sector, which have operated in an open market since their inception. Help is at hand for Germany's telecom customers, however, on the dedicated Web site maintained by an ICT trade journal. It is no use trying to access the site in the evening, however. Taking advantage of the fall in the price of on-line communications, it would seem that all of Germany comes home from work, turns on the computers and punches in the site's URL. ■

### A BANNER YEAR FOR THE BANKING SECTOR

For Germany's usually staid financial community, 1997 was a very exciting year. Two of the country's six largest banks — Bayerische Hypotheken- und Wechsel-Bank and Bayerische Vereinsbank — announced plans to merge.

The new financial institution, named HypoVereinsbank, will be Germany's second largest, and the number one building society in Europe.

Mearwhile, Allianz AG made a winning 9 billion Deutsche-mark (\$5 billion) bid for France's AGF, augmenting its position as Europe's largest insurer in the process.

Both Allianz and the new HypoVereinsbank are headquartered in Munich, raising the prospect that the southern German city could supplant Frankfurt as Germany's leading financial center. With their city riding Germany's great stock market boom, however, Frankfurt's city parents have poot-pooted the idea.

The year brought two other mega-mergers. Three public sector banks based in Baden-Württemberg are joining forces, as are Hannover's Nord/LB and Bankgesellschaft Berlin.

The year also saw the great swing into on-line banking. The number of on-line accounts increased from 1.4 million as of June 30, 1995 to 3.5 million as of June 30, 1997. Of these, 100,000 are maintained via the Internet.

Last year also brought another string of successes for the country's banks, which recorded a further 7.6 percent rise in the credits supplied to non-financial institutions (mainly companies and consumers) and a 6.9 percent increase in deposits. These trends continued a five-decade-long trend toward strong expansion. In the 1990s alone, the business volume of Germany's banks has increased by 75 percent, to 9.1 billion DM. Thanks to this expansion, the banking sector now accounts for 5 percent of the total value added by Germany's businesses, a full percentage point more than in 1991.

Along the way, the banks have created jobs. For the period between 1990 and 1996, the banks' net workforce increased by 56,000. While doing all this, Germany's banks, long famed for their prudence, increased their rate of shareholders' capital to business volume — an important indicator of capital adequacy — from 3.8 percent in 1990 to 4.2 percent in 1997.

These figures testify to the health of the country's financial sector, as do two other factors. The last bank collapse of any size at all in Germany took place 24 years ago — an accomplishment in an era in which many huge banks have gone belly-up. And, in the entire history of the Federal Republic of Germany, no bank has failed to meet its obligations to private accountholders.

## LOOK EAST FOR HIGH TECH

New states have thriving high-tech clusters.

Eastern Germany is collectively referred to as the "five new German Länder," but that is not quite correct. The former East Berlin brings the total to five and a half.

After eight years of development, each of these states has a strong core of productive, innovative manufacturers, which have been behind the significant rises in industrial output and productivity currently being recorded by the region as a whole.

These manufacturing cores, or clusters, share a number of characteristics. Their location, of course, as well as the high levels of public sector funding they have received. All have profited from the talents and motivation of the region's innovators and implementers. However, each has unique origins and has followed a unique development path.

Jena and Dresden, located a scant 170 kilometers from each other, are currently vying for the unofficial title of East-

ern Germany's high-tech capital. Jena's high-tech sector is clustered around one company: Jenoptik, which went public in June 1998 with great success. The stock was oversubscribed 26 times. Its initial public offering (IPO) on the Frankfurt Stock Exchange netted the company 770 million Deutsche marks (\$427.7 million), making it the largest IPO in the short history of Eastern Germany's business community.

In evaluating the new listing, analysts have praised the acumen of Lothar Späth in guiding the company's turnaround, as well as Jenoptik's innovative range of products, from "clean rooms" and data communication systems to ultra-precise and affordable industrial lasers.

This is all a far cry from 1991, when Mr. Späth, former governor of the state of Baden-Württemberg, took the helm of the newly formed Jenoptik. The company had a distinguished industrial tradition and several well-es-



President Bill Clinton and Chancellor Helmut Kohl visiting the Opel factory in Eisenach on May 14, 1998.

tablished product lines, the legacy of the Carl Zeiss industrial trust, which had been restructured into two new businesses, one of which was Jenoptik. The other was reunited with the Western German counterpart of the same name.

At that time, Jenoptik had a bloated payroll and high overhead. Its production equipment was outdated and, most important of all, it lacked an efficient distribution network. Armed with 3.4 billion DM in public sector support, Mr. Späth set out to change all that.

Jenoptik now anchors a business community full of locally owned companies that have successfully completed full-scale turnarounds.

Dresden also has its share of such companies. The city's rise to European, even world, prominence in the microelectronics sector — its new bread-and-butter industry — is the product of investment by West German and international companies.

Multibillion-dollar production facilities have been set up or are being constructed by Siemens, American Micro Devices and a Siemens-Motorola consortium.

Like Mosel, Saxony (site of a billion-mark Volkswagen automobile plant) and many other examples, the little Thuringian city of Eisenach has followed a similar path. Eisenach's billion-Deutsche-mark automobile production facility — one of the most efficient in the world — is owned and operated by Adam Opel AG, the European subsidiary of General Motors.

Other high-tech centers abound in Eastern Germany, including Schwerin and Rostock, whose local business communities have established themselves as producers of advanced medical technologies and providers of multimedia content and programming.

Rostock has followed a third path of industrial development: the rejuvenation of a

traditional industry, shipbuilding. The ships being constructed there today are state-of-the-market. The owners are new to the region — Norway's Kvaerner group. Similar rejuvenations have taken place in southern Saxony-Anhalt (chemicals) and Eastern Brandenburg (steel).

Eastern Berlin and Potsdam, the city's most important southern suburb, have struck out upon a fourth path of development, in areas that have secured a large amount of spillover business.

Partially in anticipation of the economic effects of the relocation of the bulk of the federal government to Berlin, a large number of companies have set up shop in this metropolitan area of more than 4 million inhabitants. The city's eastern reaches and southern suburbs have profited from their abundance of affordably priced commercial space and their large number of technology centers to secure their share of the new arrivals. ■

## NEW STATES HIT THEIR STRIDE

Eastern Germany's economy is going strong and growing.

In 1997, industrial production in Eastern Germany rose 8.9 percent, nearly three times the strong rise recorded by the country's Western portion, reports the German Federal Office of Statistics. In both the East and West, the industrial sectors had an even better year.

As of the end of 1997, the total value of West German manufacturers' orders on hand was up 5.7 percent over 1996. The comparable figure for Eastern Germany was 12.1 percent. Advanced products such as computers, office machines and communications systems are responsible for these rises in Eastern Germany. The strength of Eastern Germany's industrial sector, in turn, is boosting the region's economy as a whole.

In the first quarter of 1998, Eastern Germany recorded a 4 percent rise in GDP, two-tenths of a percentage point better than the surging West German economy. "This is important news," says Hans Christoph von Rohr, chairman of the Industrial Investment Council, the public sector corporation charged with promoting inward investment into Eastern Germany. "As it indicates Eastern Germany's industries are able to compete, and compete well, on national and international markets. Along with the advanced services sector, a region's industries constitute, after all, the bellwether of its economy's viability."

The rise in Eastern Germany's GDP in the first quarter of 1998 is particularly encouraging, since the region's rate of economic growth fell below that of Western Germany for the first time in 1997. This temporary drop gave rise to worries about the future of the five states' economies, worries dispelled by the latest figures. The low rate of growth did not, moreover, suffice to alleviate Eastern Germany's high unemployment rate, which stood at 18 percent at the end of May.

Distressing though it is, the unemployment rate is associated with one positive trend: Productivity is on the rise for the region's manufacturers, which have boosted output without increasing workforce size.

Eastern Germany's metal processors, for example, recorded a 17 percent rise in productivity in 1997 alone, according to IG Metall, the metalworkers' trade union.

Coupled with the lower wage and operating costs still prevailing in Eastern Germany, this rise in productivity will allow Eastern Germany's unitized labor costs — the amount of wages paid to produce one unit of turnover — to drop to Western levels (which are also dropping) by the end of this year, according to VDI Nachrichten, the authoritative business weekly. Five years ago, the East's per-unit labor costs were 60 percent higher than those of the West.

"The encouraging rise in productivity and fall in operating costs have stemmed directly from the large amount of capital invested in the manufacturers' production facilities and equipment by both domestic and non-German corporations," says Mr. von Rohr. As of the end of 1997, reports Germany's Ministry of Economic Affairs, some 1,700 non-German companies invested in the country's new states. Some 40 percent — 13 billion DM — of that amount came from the United States alone. As of

mid-May, more than 350 U.S. companies had set up production, distribution, research and other facilities in Eastern Germany, providing employment to 60,000 people in the process. A U.S. company also made the largest single investment in the region — 3.325 billion DM allocated by Dow Chemical to its facilities in Saxony-Anhalt. Four of the top seven investments made in Germany's new states by foreign companies have come from the United States.

There are good reasons for this, according to Mr. von Rohr. "American companies have a track record of finding and opening up promising new markets," he says. "And Eastern Germany's areas of business strength — microelectronics, metals processing, automobiles, energy supply, industrial equipment and metals — are a good match with the American companies' focus in Europe." ■

## AN INTERNATIONAL BUSINESS LOCATION

Innovative R&D, a strong domestic market and productive workforce are key assets.

In 1997, 647 German companies were taken over by foreign corporations, reports M & A International. That was 44 percent above 1996's figure. U.S. companies accounted for 222 of these takeovers, 75 percent higher than the previous year.

The U.S. firms were particularly drawn by the German companies' well-developed distribution networks and highly productive research and development departments, along with the wish to "buy into the German market," Germany magazine reported recently.

Another attraction is the productivity of the German workforce. The number of days lost to illness among Germany's working population was at a post-World War

II low in 1997, reports Günter Rexrodt, Germany's minister of economic affairs. As Mr. Rexrodt points out, over the last few years, a large number of multinational companies have chosen to locate or expand major production operations in Germany — and not in the dozens of other countries vying for these plum investments. These companies include Matsushita (picture tubes), Fujitsu (computers), Takata (airbags) and Motorola (mobile telephones).

Mr. Rexrodt also sees a trend gathering strength among German-owned companies: to bring production operations originally set up abroad back to Germany. He cites the examples of Siemens, Vaillant, Schneider, Exxello, Varta and Stihl. ■

### USEFUL ADDRESSES

Press and Information Office of the German Federal Government  
Weickerstr. 11  
D-53105 Bonn  
Tel.: (49-228) 208-0  
Fax: (49-228) 208 25 55  
Internet: <http://www.government.de>

The ideal starting point for anyone interested in visiting or doing business in Germany. Click on "Welcome" for the English language version. The links to the ministries are particularly useful.

Foreign Investor Information Center at the Federal Ministry of Economics  
Schamhorststr. 36  
D-10115 Berlin  
Tel.: (49-30) 20 14 77 50  
Fax: (49-30) 20 14 7036  
<http://www.business-in-germany.de>

A lively site with overviews of the advantages Germany offers international investors and briefings on Germany's 16 states. A useful source of information on investing and doing business in Germany.

Business Location Germany  
401 N. Michigan Ave., Suite 2525  
Chicago, IL 60611-4212 USA  
Tel.: (312) 494 2167  
Fax: (312) 644-3988  
<http://www.blg.org>

Federal Ministry of Economics  
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<http://www.bmwi.de>

In-depth information on the German economy, business community, economic policies and new regulations.

IIC The New German Länder Industrial Investment Council GmbH  
Charlottenstr. 57  
D-10104 Berlin  
Tel.: (49-30) 20 94 56 60  
Fax: (49-30) 20 94 56 66  
<http://www.iic.de>  
Includes detailed briefings for international investors on how to start up operations in Eastern Germany.

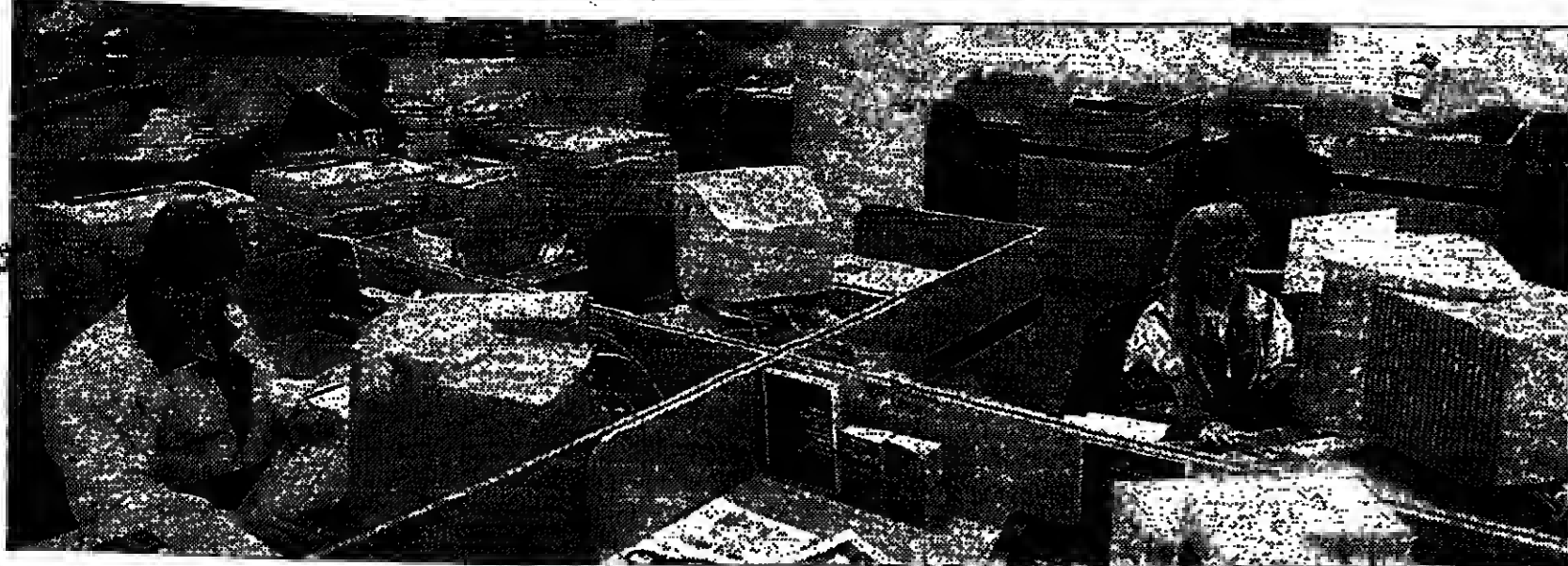






TUESDAY, JULY 7, 1998

PAGE 15



Customers in booths at Kinko's outlet in Tukwila, Washington, one of a global network of units that supply offices to travelers and home workers.

## Kinko's Cashes In on Lonely At-Home Workers

By Laurie J. Flynn  
New York Times Service

**NEW YORK** — The lettering on the door sums up the business model: "Your branch office — Open 24 hours." Kinko's, once known simply as the leading chain of printing and copy shops, has recast itself for the work-obsessed digital age.

Where there once were only copy machines, the 902 Kinko's stores, in-

cluding 43 outside the United States, now feature a uniform mixture of fax machines, ultra-fast color printers and networks of computers equipped with popular software programs and high-speed Internet connections.

Many business people, while traveling, have come to regard Kinko's as their office away from home, stopping in to check their e-mail or otherwise make quick use of a computer. And laptop stations let business travelers

plug their notebook computers into any of several printers for making copies of presentations while on the road.

At the same time, many a home-office worker has come to rely on Kinko's as the well-appointed office outside the house. At last count, there were nearly 40 million Americans working out of their homes with the help of electronic conveniences like cell phones, fax machines and hand-held organizers. And on any given day, tens of thousands of them stop by a Kinko's store, whether to make temporary use of a high-resolution color printer or to find something else the home office does not have: other people.

As millions more people join the work-at-home trend each year, Kinko's appears to be doing what many people envisioned cybercafes would do — offer an escape from the isolation that this abundance of modern technology seems to have created. For social mixing, there's nothing quite like trying to bring a PC to boot in a public place.

"You get frustrated, so you end up meeting people," said Peter Goggin, a Web site designer with Epicenter Communications Inc., in San Jose, California, who regularly stops by Kinko's to make color prints. "Sometimes you share tips." It is precisely the kind of pay-by-the-hour collaboration that gladdens the heart of Kinko's chairman, Paul Orfalea, who founded the company as a campus photocopying business in

1970. Since then, he has nurtured the privately held outfit into a chain with revenues now estimated at \$1 billion.

And if all goes as planned, he may finally take Kinko's public next year. "Even as a kid I knew that someday I'd be running a big company," Mr. Orfalea, 50, said recently at his office in Ventura, California. But he said the company had been waiting for a major reorganization to take hold before embarking on a public offering.

"Like in a marriage, Wall Street wants consistency and fidelity, and we're waiting until we can provide that."

Thanks to an expansion into computer services that Mr. Orfalea began in the late 1980s, as the number of home workers and digital road warriors increases every year, so do Kinko's revenues. The company is the leader in the \$7 billion U.S. copy-services market, despite competitors that include Sir Speedy, Alpha Graphics and Kwik Copy, along with in-store copy departments at office supply warehouses such as Office Max's Copy Max, Staples and Office Depot.

And the company's computing services side, now accounting for about a third of its sales, is growing even faster — with no direct competition on a national scale. While other copy chains sell computer time, and some even offer

See KINKO'S, Page 18

## Kia Motors on the Block

International Bidding to Start for Ailing Firm

By Don Kirk

International Herald Tribune

**SEOUL** — South Korean and foreign car manufacturers squared off Monday for a bidding war over Kia Motors Corp. as the bankrupt manufacturer's creditors set July 15 as the date to announce details for auctioning off the company.

Korea's two largest motor vehicle manufacturers, Hyundai Motor Co. and Daewoo Motor Co., as well as Kia's major minority shareholder, Ford Motor Co., all are expected to bid for the company in a test of Korea's view toward foreign investment in major enterprises. "All we can hope for is we have transparency and know what's going on," said Kenneth Brown, director of Asian markets for Ford, which controls 17 percent of Kia.

Lee Keun Young, president of the Korea Development Bank, said any motor vehicle company with the capacity "to normalize Kia swiftly" would be eligible to bid for Kia. The bidder will also acquire a major Kia subsidiary, Asia Motors Corp., which produces trucks and vans.

The successful bidders will be named at the end of August, the bank said.

Mr. Lee said all those wishing to bid would be invited to a briefing on July 27 and then would be able to obtain a full picture of the company's finances and problems. Kia, now in court receivership, is believed to owe about \$10 billion, but the debts of Asia Motors and

other subsidiaries, which produce engines, transmissions and other components, could drive the figure higher.

A critical factor in the bidding for Kia could be the willingness of bidders to pick up some of Kia's debts. "Our concern has been Kia's debt situation and how that's going to be managed," said Mr. Brown, based in Bangkok.

Ever since Kia announced a year ago that it was unable to pay its creditors and filed for bankruptcy, Ford has been battling to protect its investment in Kia. Ford owns 9.5 percent of Kia outright while Mazda of Japan, 33 percent owned by Ford and managed by Ford executives, owns another 7.5 percent.

Kia executives have indicated privately they would far prefer a takeover by Ford to acquisition by Hyundai or Daewoo, which they fear would break up the company and dismiss many of its 18,000 workers. Kia managers believe that Ford might turn Kia into a base for manufacturing and selling both Ford and Mazda cars throughout the region and possibly the world.

With Korean motor vehicle production forecast to decline by at least 20 percent this year, the prospect of Ford suddenly emerging as a major Korean motor vehicle manufacturer has set off alarms at both Hyundai and Daewoo.

Hyundai executives have repeatedly said they want to acquire Kia and have based their campaign on the need to keep foreigners out of the Korean motor vehicle business.



Mr. Lee, president of the Korea Development Bank, left, and Yoo Chung Yul, Kia chairman, holding a news conference Monday in Seoul.

## EU to Tighten Arms Business

6 Nations Plan Consolidation to Match U.S. Competition

Bloomberg News

**LONDON** — Six European Union defense ministers said Monday that they had agreed on a plan to help consolidate the region's weapons business to better compete with bigger rival companies from the United States.

Britain, France, Germany, Italy, Spain and Sweden said the agreement laid a framework for reform. Key companies such as British Aerospace PLC, Daimler-Benz AG of Germany, Dassault Aviation SA of France and CASA of Spain will remain responsible for leading the process of consolidation.

The governments said they want aerospace and defense companies of the

region to combine to better compete with rivals such as Boeing Co. and Lockheed Martin Corp. in the United States, which have spent much of the past decade swallowing up competitors to cope with lower defense budgets.

"Defense industry in Europe is fragmented," said Defense Minister George Robertson of Britain. "There is overcapacity in many sectors and too much duplication of effort. Without restructuring, it will not be strong enough to survive in a market dominated by the American giants."

Expert working groups are to seek specific agreements, focusing on military requirements of the nations involved.

## Thinking Ahead / Commentary

### Big Bankers Should Pay for Mistakes

By Reginald Dale

International Herald Tribune

**WASHINGTON** — A local radio station reports that a man in Maryland, currently trying to get his money back after investing in a phony cattle-trading scheme, is especially angry because a high return on his investment was "guaranteed."

That is precisely what ought to have tipped him off in the first place. In a capitalist system, any potentially high-yielding investment involves risk. Foolish investment decisions are penalized, wise ones rewarded — and it is meant to work that way out just for individuals but for corporations and countries, too.

In the words of Richard Portes, president of the London-based Center for Economic Policy Research, if international capital markets are functioning well, mistakes will occasionally be made and countries, or their private sector borrowers, will experience financial crises.

"We should not expect or even wish to prevent them all," he writes in a recent conference report.

Nevertheless, each time such crises erupt, and the international financial community rides to the rescue, led by the International Monetary Fund, the question arises of how far investors should be protected from the consequences of their unwise decisions.

It is a genuine dilemma: If investors

are regularly bailed out in a crisis, they will be encouraged to take excessive risks and perhaps create further crises. The same applies to governments. Bailing them out creates what is known as a "moral hazard."

If, on the other hand, nothing is done to rescue investors, there may be runs on banks, and financial institutions may fail — with disastrous consequences for far more people than those responsible for the bad investment decisions.

One year after the Asian financial crisis began last July, there is still no agreement on how to deal with the "moral hazard" problem. Some people, including many in the U.S. Congress, believe there should be no bailouts at all. Governments and private investors should be left to pay the full price of their mistakes — that way they will correct them the quickest.

But the laissez-faire approach is likely to cause much more disruption than if the IMF intervenes. As the Fund itself states in a recent report, "The experience of the Great Depression taught policymakers that the damage caused by systemic financial crises can be devastating and can have a global impact."

The same point is made by Morris Goldstein of the Institute for International Economics in Washington in a new study of the Asian financial crisis. Without IMF help, he says, countries in trouble would undergo greater eco-

nomie and social instability and be more inclined to respond with competitive devaluations and damaging trade and exchange controls.

Such arguments are not always appreciated by the people at the receiving end of the IMF's austere policy prescriptions, or by members of Congress who must approve new funds for the IMF, particularly if they think that bankers and foreign investors are getting away unscathed.

That is not necessarily so in the Asian crisis. Equity and bond holders have suffered significant losses, though perhaps not as great as they would have without the IMF. The main problem, Mr. Goldstein says, is with large, uninsured creditors of banks in the country that is in trouble, which are usually big international banks.

The moral hazard problem is often exaggerated. Most governments will do almost anything to avoid sending for the IMF, and herd-like private investors are today, if anything, too afraid of countries like Russia that present risks.

But improvements can still be made. There are plenty of ways to help ensure that creditor banks "take a hit" in a crisis, not least, as Mr. Goldstein suggests, by earlier and more comprehensive rescheduling of payments on their loans. Wall Street bankers should pay for their mistakes, no less than small-time investors in Maryland.

E-mail address: thinkahead@washpost.com

## CURRENCY & INTEREST RATES

Cross Rates									
	\$	£	DM	FF	Yen	Scd	Sw	DK	Nor
Australia	1.28	0.75	1.22	1.22	0.61	1.22	1.22	1.22	1.22
Canada	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70
France	6.55	6.55	6.55	6.55	6.55	6.55	6.55	6.55	6.55
Germany	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93
Italy	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36
Japan	109.00	109.00	109.00	109.00	109.00	109.00	109.00	109.00	109.00
Netherlands	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20
Spain	166.37	166.37	166.37	166.37	166.37	166.37	166.37	166.37	166.37
Sweden	8.46	8.46	8.46	8.46	8.46	8.46	8.46	8.46	8.46
Switzerland	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48
UK	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70
US Dollar	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

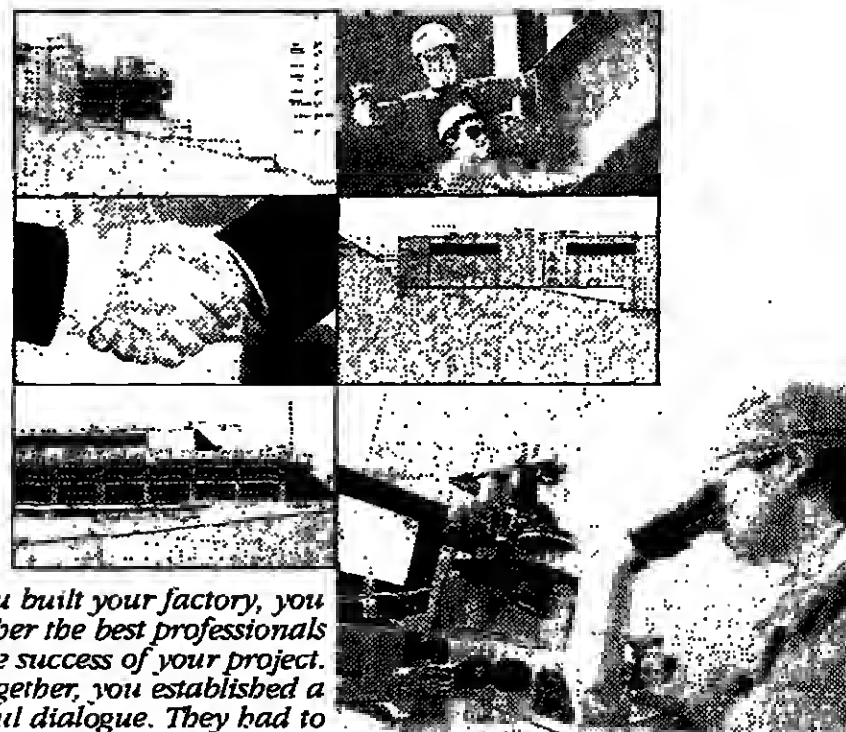
Chasing in Amsterdam, London, Milan, Paris and Zurich, things in other currencies New York of 4 P.M. and Toronto rates of 3 P.M. A.T. to buy one pound in 70 day one dollar: Units of 100 N.L.D. not quoted N.A.: not available.

Other Dollar Values									
Currency	Per \$	Currency	Per \$	Currency	Per \$	Currency	Per \$	Currency	Per \$
Argentine peso	0.0099	Guatemalan quetzal	0.0020	Malaysian ringgit	0.0050	S. Afr. rand	0.0050	S. Kor. won	0.0020
Australian \$	0.7079	Hong Kong \$	0.0095	Norw. krone	0.0013	S. Kor. won	0.0020	Swed. krona	0.0090
Belgian franc	0.0007	Indian rupee	0.0077	Phil. peso	0.0200	Thai baht	0.0200	Taiwan \$	0.0020
British pound	1.4803	Indon. rupiah	0.0001	Port. escudo	0.0020	Turkish lra	0.0020	US dollar	1.0000
Canadian dollar	0.7079	Israeli sheqel	0.0020	Swiss franc	0.7079	UAE dirham	0.0020	Viet. dong	0.0001
Chinese yuan	0.1564	Japanese yen	0.0094	Swiss franc	0.7079	UAE dirham	0.0020	Viet. dong	0.0001
Czech koruna	0.0200	Malay. ringg	0.0050	Swiss franc	0.7079	UAE dirham	0.0020	Viet. dong	0.0001
Danish krone	0.1366	Malay. ringg	0.0050	Swiss franc	0.7079	UAE dirham	0.0020	Viet. dong	0.0001
Deutsche mark	0.6936	Malay. ringg	0.0050	Swiss franc	0.7079	UAE dirham	0.0020	Viet. dong	0.0001
Dr. Congo	0.0001	Malay. ringg	0.0050	Swiss franc	0.7079	UAE dirham	0.0020	Viet. dong	0.0001
French franc	0.0001	Malay. ringg	0.0050	Swiss franc	0.7079	UAE dirham	0.0020	Viet. dong	0.0001
Irish pound	0.7876	Malay. ringg	0.0050	Swiss franc	0.7079	UAE dirham	0.0020	Viet. dong	0.0001
Italian lira	0.0001	Malay. ringg	0.0050	Swiss franc	0.7079	UAE dirham	0.0020	Viet. dong	0.0001
Japanese yen	0.0094	Malay. ringg	0.0050	Swiss franc	0.7079	UAE dirham	0.0020	Viet. dong	0.0001
Korean won	0.0020	Malay. ringg	0.0050	Swiss franc	0.7079	UAE dirham	0.0020	Viet. dong	0.0001
Malaysian ringgit	0.0050	Malay. ringg	0.0050	Swiss franc	0.7079	UAE dirham	0.0020	Viet. dong	0.0001
Mexican peso	0.0500	Malay. ringg	0.0050	Swiss franc	0.7079	UAE dirham	0.0020	Viet. dong	0.0001
Norwegian krone	0.0013	Malay. ringg	0.0050	Swiss franc	0.7079	UAE dirham	0.0020	Viet. dong	0.0001
Philippine peso	0.0200	Malay. ringg	0.0050	Swiss franc	0.7079	UAE dirham	0.0020	Viet. dong	0.0001
Portuguese escudo	0.0020	Malay. ringg	0.0050	Swiss franc	0.7079	UAE dirham	0.0020	Viet. dong	0.0001
Romanian lei	0.0001	Malay. ringg	0.0050	Swiss franc	0.7079	UAE dirham	0.0020	Viet. dong	0.0001
Russian ruble	0.0001	Malay. ringg	0.0050	Swiss franc	0.7079	UAE dirham	0.0020	Viet. dong	0.0001
Saudi riyal	0.0020	Malay. ringg	0.0050	Swiss franc	0.7079	UAE dirham	0.0020	Viet. dong	0.0001
Singapore dollar	0.7079	Malay. ringg	0.0050	Swiss franc	0.7079	UAE dirham	0.0020	Viet. dong	0.0001
South African rand	0.0050	Malay. ringg	0.0050	Swiss franc	0.7079	UAE dirham	0.0020	Viet. dong	0.0001
Swedish krona	0.0090	Malay. ringg	0.0050	Swiss franc	0.7079	UAE dirham	0.0020	Viet. dong	0.0001
Swiss franc	0.7079	Malay. ringg	0.0050	Swiss franc	0.7079	UAE dirham	0.0020	Viet. dong	0.0001
Taiwan dollar	0.0020	Malay. ringg	0.0050	Swiss franc	0.7079	UAE dirham	0.0020	Viet. dong	0.0001
Thai baht	0.0200	Malay. ringg	0.0050	Swiss franc	0.7079	UAE dirham	0.0020	Viet. dong	0.0001
Turkish lra	0.0020	Malay. ringg	0.0050	Swiss franc	0.7079	UAE dirham	0.0020	Viet. dong	0.0001
UAE dirham	0.0020	Malay. ringg	0.0050	Swiss franc	0.7079	UAE dirham	0.0020	Viet. dong	0.0001
Viet. dong	0.0001	Malay. ringg	0.0050	Swiss franc	0.7079	UAE dirham	0.0020	Viet. dong	0.0001

Forward Rates  
Currency 30-day 60-day 90-day  
Pound Sterling 1.4803 1.4803 1.4803  
Canadian dollar 0.7079 0.7079 0.7079  
Deutsche mark 0.6936 0.6936 0.6936  
Sources: ING Bank (Amsterdam), KBC Bank (Brussels), Banca Commerciale Italiana (Milan), Banque de France (Paris), Bank of Tokyo-Mitsubishi (Tokyo), Royal Bank of Canada (Toronto), IMF (Washington), Other data from The Associated Press, Bloomberg and Reuters.

## Private Banking International

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HONG KONG TEL. 852/28 76 70 88 • SINGAPORE TEL. 65/333 63 31  
Source: Reuters.



## THE AMERICAS

## Southern Retailer to Acquire Saks for \$2.1 Billion

By Jennifer Steinhauser  
New York Times Service

NEW YORK — Saks Fifth Avenue, one of the most venerable names in retail, is being acquired for \$2.1 billion by Proffitt's Inc., a Southern retailing company.

Since Saks was founded in 1924, the party Fifth Avenue store has undergone several changes of ownership but has avoided extinction, unlike B. Altman and Gimbel's, and it has not been swallowed up by a giant retail company, as was Macy's when it was acquired by Federated Department Stores.

For shoppers in New York, the change of ownership will not be noticeable, but those living in the Midwest, where some of Saks's less profitable stores are, may see a different name above the door. And some of Proffitt's stores may change their name to Saks. In fact, Proffitt's will rename itself Saks Inc., seeking some of the glamour of the famous name.

"There is just one Saks Fifth Avenue, and the power of the brand is exactly where retail is going," said Robert Bradley Martin, Proffitt's

chief executive, who will be the chairman and chief executive of the new company.

The merger serves as a near-exit strategy for the largest shareholder of Saks Holdings Inc., the Bahrain-based investment company Investcorp International, which bought the retailer for \$1.6 billion in 1990 and has been hoping in recent years to make a killing the way it did with

"In terms of merchandise synergies, there are none."

other luxury investments like Tiffany & Co. and Gucci Group. Although the bank initially sold 20 percent of Saks to the public in 1995 for \$425 million and followed up with another stock offering, it now finds itself and its clients not cashing out as they had hoped, but rather holding 12 percent of Proffitt's.

Still, based on evolving stock prices, Investcorp and other shareholders in Saks own stock worth about 15 percent more than early last

week, assuming shareholders of both companies approve the deal.

Proffitt's runs 234 stores that serve middle-income shoppers in the South and Midwest with names like Proffitt's, Younger's, Carson Pirie Scott, and Younts. Most of the stores resemble Macy's in terms of what they sell — lots of Tommy Hilf, Liz Claiborne, Nine West and Estée Lauder.

Saks has the opposite strategy at its 95 stores nationwide. Many of the brands that Proffitt's specializes in were evicted from Saks two years ago in an effort to give the retailer a tonier image. Its staples are Gucci, Oscar de la Renta and Yves St. Laurent, all names not carried over in Proffitt's most upscale store, Parisian.

"In terms of merchandise synergies, there are none," Mr. Martin admitted. "But we'll buy telecommunications, transportation, paper supplies and other things at an enormous cost savings. This deal is not built on merchandise synergies."

Proffitt's, which was founded in 1919 with a handful of stores in Knoxville, Tennessee, has built its fortunes on the success of acqui-

sitions. In the last three years, it has acquired seven names, including Carson Pirie Scott in the Midwest, and has slowly built up a portfolio, creating \$3.5 billion in revenue.

As a result of the acquisitions, sales and profit margins have risen sharply as expenses have become lower.

Other plans for the new company include greater international use of the Saks name, an increase in the number of domestic stores, and an expanded use of the database of Saks credit-card

holders and catalog shoppers. Under the terms of the deal, shareholders of Saks Holdings would be given 0.82 share of Proffitt's in exchange for each Saks share, representing a transaction of about \$2.1 billion, or a little less than Saks's annual sales of \$2.3 billion.

Based on Thursday's closing stock prices, each share of Saks would be worth about \$33.25, up 25 cents. Proffitt's ended down \$4 at \$26.6875.

## Drop in Bond Yields Sends Stocks Higher

Compiled by Our Staff From Reuters

NEW YORK — Stocks rose Monday as borrowing costs fell to near-record lows and investors pumped money into stock mutual funds.

The Dow Jones industrial average closed up 66.51 points at 9,091.77, and advancing issues outnumbered declining ones by a 5-to-3 ratio on the New York Stock Exchange. The Standard & Poor's 500 index ended 10.90 points higher at 1,157.32.

Stocks drew strength from an increase in Treasury bond prices and the resulting drop in interest rates. The price of the benchmark 30-year bond rose 12 3/4 points, to 107 30/32, pushing the yield down to 5.57 percent, matching the record low set June 15.

Bond prices were buoyed by speculation that U.S. economic growth will cool to a more sustainable pace, keeping inflation low, as exports across the Pacific dwindle and imports cheep.

The National Association of Purchasing Management said Monday that its nonmanufacturing index fell

to 61.5 in June after registering 64.0 in May. The report shows business activity at nonmanufacturing businesses is expanding at a slower pace. In addition, housing completions fell 3 percent in May, the first drop since December.

"There's an absence of bad news," said John Niederberger, a money manager with Advanced Investment

## U.S. STOCKS

Management. "Mutual fund flows continue to be strong, and we have a friendly Fed. There's not much pushing the stock market down."

Internet companies were the strongest stocks, rising on speculation that the industry is ripe for consolidation. The Nasdaq composite index, which lists many technology stocks, closed 15.43 points higher at 1,909.43.

Yahoo! rose 26% to 199.4. Amazon.com rose 15% to 139.4. Excite rose 8 1/16 to 107 and Lycos rose 20% to 99.16.

Lycos got an added lift from announcing a 2-for-1 stock split.

AT&T was the most actively traded issue on the Big Board, rising 7/16 to 55 5/16 after announcing an on-line system for delivering music samples.

Egghead.com rose 5 13/16 to 14 13/16 after the company, which resells computer hardware and software on the Internet, said its revenue nearly doubled to \$13.7 million in the quarter to June 27.

Audio Book Club rose 9% to 19.4 after the seller of books on tape said it increased its membership to 340,000 through Internet advertising.

But some computer stocks fell, with Dell dropping 1 1/4 to 91.4.

(Bloomberg, AP)

## Investor's America

The Dow

30-Year T-Bond Yield

Dollar in Deutsche marks

Dollar in Yen

1998

1998

Exchange Rates

U.S. Dollar

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## Yen Falls on Murky Tokyo Promises

Compiled by Our Staff From Reuters

NEW YORK — The dollar rose against the yen Monday after Prime Minister Ryutaro Hashimoto of Japan quelled expectations for a permanent income tax cut, a step traders say is needed to pull the economy out of recession.

Mr. Hashimoto on Sunday said he never used the words "permanent tax cut" in a speech Friday, although he favored "permanent tax reform." Economists consider tax cuts, along with a bailout of Japan's debt-laden banks, vital to boosting growth and the yen.

"Japan is now the country that cried wolf," said Mark Lifson, managing director of foreign exchange at PNC Bank Corp. in Pittsburgh, referring to a barrage of promises on banking reform and domestic demand stimulus, but nothing concrete yet delivered.

The dollar rose to 140.19 yen in 4 P.M. trading from 139.40 yen Friday in London. New York markets were closed Friday.

Traders were looking ahead to Sunday's Japanese upper house parliamentary elections as the next hurdle to clear in Japan's bank reform task. Until then, traders said they expected the yen to continue to

drift lower against the dollar. The dollar fell to 1.8118 Deutsche marks from 1.8212 DM on Thursday as the British pound slumped versus the German cur

rency. The dollar and sterling are often traded in tandem because of the close commercial ties between the United States and Britain.

The pound declined on expectations that the Bank of England will

keep interest rates steady when its policymakers meet this week.

The pound slipped to \$1.638 from \$1.658. The dollar fell to 6.0755 French francs from 6.1050 francs and to 1.5238 Swiss francs from 1.5340 francs.

Germany's central bankers also meet this week. While they are likely to leave interest rates on hold Thursday, rates are expected to rise later this year ahead of the January start of the single European currency. (Bloomberg, Market News)

## American Companies Plan to Cut Many Jobs

Bloomberg Business News

CHICAGO — The number of planned job cuts by major American corporations increased more than three-fold in June from a year earlier, as the crisis in Asia led to reductions in the electronics industry, a survey showed Monday.

Planned job cuts climbed to 34,914 last month from 15,091 in June 1997, according to the monthly survey by the employment firm Challenger, Gray & Christmas.

Compared to a month earlier, planned dismissals almost doubled, rising from 17,331 in May, the firm said.

"Of the total, nearly 50 percent of June cuts came

from the electronics industry, further evidence of the impact of Asia," said John Challenger, executive vice president of the employment firm. Export demand has slid, while cheap imports have hurt profit margins for domestic manufacturers.

In electronics, Motorola Inc. planned the largest cuts. On June 4, Motorola said it would slash its workforce by 10 percent — 15,000 people — and take a \$1.95 billion pretax charge in the second quarter.

On Thursday, the Labor Department reported that hiring slowed in June. The unemployment rate rose to a three-month high of 4.5 percent, from 4.3 percent in May. The American economy added 205,000 jobs last month, down from 309,000 in May.

## The Trisk Index

Prices as of 4:00 P.M. New York time.

Jan. 1, 1992 = 100

Level

Change

% change

year to date

% change

World Index

Regional Indexes

Asia/Pacific

Europe

N. America

S. America

Industrial Indexes

Capital goods

Consumer goods

Energy

Finance

Miscellaneous

Raw materials

Service

Utilities

The International Herald Tribune World Stock Index tracks the U.S. dollar value of 250 internationally investable stocks from 25 countries.

Compiled by Bloomberg News.

## AMEX

Monday's 4 P.M. Close

The 200 most traded stocks of the day.

Up to the closing on Wall Street.

The Associated Press.

Stock

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Last

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## U.S. STOCK MARKET DIARY

Indices

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## INTERNATIONAL FUTURES

July 6, 1998

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## EUROPE

## Banker Draws Doubt

South African Appointment Hurts Rand

Compiled by Our Staff From Dispatches

JOHANNESBURG — Investors delivered a stinging thumbs-down Monday to news that South Africa's next central bank governor would be Labor Minister Tito Mboweni, sending the rand tumbling to a record low against the U.S. dollar.

South African financial markets are entering an eighth week of turmoil as speculators batter the currency, threatening desperately needed economic growth.

The dollar rose to 6.5151 rand Monday from 6.2775 rand Friday. Investors are concerned that Mr. Mboweni will not maintain the strict anti-inflation policy of the current central bank governor, Chris Stals.

"It's a political appointment, and that seems to worry international investors," said Hendrik du Toit, managing director of Investec Asset Management of Cape Town.

Investors said the concern was that Mr. Mboweni, who is 39, may lack the experience and independence to manage a central bank. The bank has recently been criticized for its handling of the rand and interest rates, which have risen to levels that are limiting economic growth.

South African banks have responded to rising central bank interest rates by increasing their own prime rates to as much as 24 percent, the highest in more than a decade.

The South African government had hoped to calm investor concern over the weekend by naming a successor to Mr. Stals, who will not step down until next summer, far in advance.

"I know the central bank and the government want to stabilize the market, but I think they've introduced more uncertainty," said Kimo Boyatjis, a bond fund manager at Nedcor Bank Asset Management in Cape Town. "Investors want stability."

Mr. Mboweni, who rose through the economic-policy ranks of the ruling African National Congress, will spend the next year as an undersecretary to Mr. Stals in preparation for taking over when Mr. Stals retires in August 1999. Mr. Mboweni will resign all his ANC positions this month.

Some traders and investors predicted that the initial concern about whether Mr. Mboweni was up to the



Tito Mboweni speaking to the press, with the current bank chief, Chris Stals, seated at left, and Deputy President Thabo Mbeki.

job would prove to be unfounded, saying that Finance Minister Trevor Manuel faced similar concerns when he was appointed in 1996 and went on to win the public support of many investors. Investors said the knowledge and experience Mr. Mboweni would gain from spending a year with Mr. Stals would go a long way toward preparing him for the job.

While the initial market reaction is negative "purely because we're

in such turmoil, that doesn't mean the market can't accept this appointment," said Willie Potgieter, head of foreign exchange at Standard Corporate and Merchant Bank.

Neil Morrison, the head of global markets at Deutsche Bank in Johannesburg, added: "The right mix of arrogance and humility give Tito the ideal characteristics of being a governor. His integrity is beyond question." (Reuters, Bloomberg)

## Kohl Rapped For Leak of Figures on Rise in Jobs

Compiled by Our Staff From Dispatches

NUREMBERG, Germany — The German Federal Labor Office on Monday condemned the use of jobless data for scoring political points.

On Friday, Otto Hauser, a government spokesman, leaked the June employment data, which showed a sharp improvement in both Eastern and Western Germany, to the press five days before the official scheduled publication on Tuesday.

The data showed a decline of 120,000 in the German jobless total, to 4.075 million, bringing the jobless rate to 10.5 percent in June from 10.9 percent in May.

In Western Germany the jobless total fell by 50,000 to 8.9 percent of the working population, and the Eastern total fell by 70,000 to a jobless rate of 17.2 percent.

The labor office said the first to publish the data, a spokesman said on Monday.

"We want to interpret the data in a responsible fashion," he said, adding that the figures themselves do not necessarily paint a positive picture of labor market developments.

Economists argued that the data had been artificially boosted by government job-creation programs.

Mr. Hauser said he had released the information early in order to correct a newspaper report containing wrong data.

The positive June data were said to have given Chancellor Helmut Kohl a much-needed boost ahead of the general elections on Sept. 27.

Mr. Kohl trumpeted the strong economy on Monday, saying "Every indicator suggests clearly that we will see economic growth at the end of this year that is closer to 3 percent."

Separately, Finance Minister Theo Waigel said Germany would cut the ratio of public debt to Gross Domestic Product to below the Maastricht ceiling of 60 percent by 2001 at the latest.

Mr. Waigel also said that tight controls on spending would help reduce the ratio of the budget deficit to GDP to 0.5 percent by 2002.

(Reuters, AFP)

Investor's Europe			
Frankfurt DAX	London FTSE 100 Index	Paris CAC 40	
5750	6250	4300	
5000	5750	3700	
4700	5250	3400	
4000	4750	2900	
1998	1998	1998	
Exchange Index	Monday Close	Prev. Close	% Change
Amsterdam AEX	1,241.78	1,243.25	-0.12
Bryssel BEL 20	3,582.48	3,548.19	-0.47
Frankfurt DAX	5,318.87	5,353.16	-0.56
Copenhagen Stock Market	746.95	739.56	+0.19
Helsinki HEX General	5,233.01	5,222.25	+0.21
Oslo OBX	698.58	707.83	-1.19
London FTSE 100	5,986.30	5,988.40	+0.03
Stockholm SX 15	4,357.74	4,388.90	+0.18
Warsaw Stock Exchange	825.17	818.90	+0.95
Vienna MIBTEL	24,225	23,876	+1.46
Paris CAC 40	4,311.10	4,304.38	+0.16
Stockholm SX 15	4,357.74	4,388.90	+0.18
Warsaw Stock Exchange	825.17	818.90	+0.95
Vienna MIBTEL	24,225	23,876	+1.46
Stockholm SX 15	4,357.74	4,388.90	+0.18
Warsaw Stock Exchange	825.17	818.90	+0.95
Vienna MIBTEL	24,225	23,876	+1.46

## Very briefly:

- EVC International NV, Europe's largest maker of polyvinyl chloride, said it agreed to buy most of Norsk Hydro A/S's petrochemical unit for an undisclosed amount. The share swap would create the world's second-largest maker of polyvinyl chloride.
- Uneximbank, Russia's fourth-largest bank by assets, will not bid for a stake in RAO Rosneft, a state-owned oil producer that is being privatized.
- Diageo PLC, the British food and drinks conglomerate, will sell six small American businesses to free its Pillsbury subsidiary to focus on four big brand names.
- Norway's central bank raised its key interest rates by 0.5 percentage point to buoy the sagging currency. The krona has recently fallen to six-year lows.
- Spain's registered unemployment rate fell to a 17-year low of 11.51 percent in June from 11.77 percent in May.
- Sweden's unemployment rate rose to 8.3 percent in June from 6 percent in May.
- Billiton PLC will pay 2.97 billion South African rand (\$444 million) to buy shares it does not already own in Ingeco Coal Corp. and Trans-Natal Coal Corp.
- Alstom SA, the world's second-biggest trainmaker, won a contract worth as much as \$1 billion (\$1.65 billion) to supply a signaling system for Railtrack Group PLC's West Coast Main Line.
- The Bank of Moscow, a bank majority-owned by the City of Moscow, abandoned a plan to bail out AO Tokobank because Tokobank's losses were greater than anticipated.
- Roche Holding AG agreed to pay Genentech Inc. a "substantial" fee to sell Herceptin, a breast-cancer treatment outside the United States.
- Mediaset SpA named Maurizio Carloni, the manager of its main foreign unit, as a co-chief executive. He had led the Mediaset-controlled Spanish broadcaster Telecinco SA into profit.

AP, Bloomberg, Reuters

## 3d Quarter of Industrial Recession in Britain

Compiled by Our Staff From Dispatches

LONDON — British manufacturing output shrank 0.4 percent in May, pointing to a third consecutive quarter of industrial recession, official data showed on Monday.

The Office for National Statistics said that overall industrial production, which includes volatile energy production, fell 1.2 percent in May

from April, as utility output slumped 3.5 percent and mining and quarrying dropped 3.3 percent.

Manufacturing had slipped into recession with March data showing contraction in the first quarter following an output drop in the fourth quarter of 1997.

The figures show that companies are reeling from the strong pound and Asia's economic slump. They should remove some of the pressure on the Bank of England to raise interest rates, analysts said.

"There is a very strong case for not raising interest rates, but I'm not totally convinced the bank will be swayed," said David Coleman, chief international economist at CIBC Wood Gundy, who expects the bank to raise rates a quarter point when its policymakers meet this week. "I think they're wrong, but they're more concerned about earnings."

The central bank unexpectedly raised its base lending rate a quarter-point to 7.50 percent when its Monetary Policy Committee met last month. It cited rising wages and strong domestic demand as reasons,

not the state of manufacturing, which accounts for just 28 percent of the British economy.

The Institute of Directors, an employers group, said in its quarterly business survey that confidence had suffered a "dramatic collapse" with orders and capacity utilization tumbling and output growth slumping.

But a report from the Confed-

eration of British Industry suggested that at least some service industries, which make up about two-thirds of the economy, are still expanding.

The main culprit for the manufacturers' travails is the strength of the pound over the last two years, which has gained against other currencies, throttling exports.

(Bloomberg, Reuters)

## A New Giant in Newsprint

Bloomberg News

SEOUL — Abitibi-Consolidated Inc. of Canada said Monday it would join Norske Skogindustri A/S of Norway and Hansol Paper Co. of South Korea in a \$1 billion alliance to create the biggest newsprint maker in Asia outside Japan.

The companies signed a letter of intent under which each will own a third of a joint venture that will purchase Hansol's Korean and Chinese newsprint businesses

for \$1 billion. Weakening currencies and plunging stock prices in some Asian countries are allowing foreign investors to buy assets at bargain prices.

Montreal-based Abitibi and Norske Skog, the Nordic region's seventh-largest forest-products company, also are investing in hopes that demand from regional newspapers will rebound when Asia's economic problems begin to fade.

## WORLD STOCK MARKETS

Monday, July 6

Daily prices in local currencies.

High	Low	Close	Prev.
Amsterdam AEX	1241.78	1241.78	1243.25
Bryssel BEL 20	3582.48	3582.48	3548.19
Frankfurt DAX	5318.87	5318.87	5353.16
Copenhagen Stock Market	746.95	746.95	739.56
Helsinki HEX General	5233.01	5233.01	5222.25
Oslo OBX	698.58	698.58	707.83
London FTSE 100	5986.30	5986.30	5988.40
Stockholm SX 15	4357.74	4357.74	4388.90
Warsaw Stock Exchange	825.17	825.17	818.90
Vienna MIBTEL	24225	24225	23876
Paris CAC 40	4311.10	4311.10	4304.38
Stockholm SX 15	4357.74	4357.74	4388.90
Warsaw Stock Exchange	825.17	825.17	818.90
Vienna MIBTEL	24225	24225	23876

## Markets Closed

Stock markets in Jakarta and Kuala Lumpur were closed Monday for a holiday.

Johannesburg All Market: 2191.39

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# KINKO'S: Chain of Copy Shops Explores New Digital Horizons

Continued from Page 15

e-mail and Internet access, none appear to match Kinko's, when it comes to the number of branches.

And Kinko's, which charges \$12 an hour for computer use, is hoping to increase its share of industry revenue by getting people to spend more time — and hence, more money — at its stores. Besides adding equipment, the company is talking to Starbucks about opening up coffee shops adjacent to some Kinko's stores, and is looking at other services to get people to come more often and stay longer, such as package shipping and banking. Mr. Orfalea is also considering opening mini-stores in airports and hotel lobbies.

Another growing in-store business for Kinko's is video conferencing, which the com-

pany now offers in 140 stores throughout the United States.

William Campbell, a buyer for Applebee's International, a restaurant chain based in Shawnee Mission, Kansas, relies on the local Kinko's video conferencing site there to conduct screening interviews with job candidates, and estimates that each \$150 to \$300 video session saves more than \$1,000 in travel expenses.

It is not exactly the same as meeting in the flesh, but "you can still see their body language and their facial expressions, and that tells you a lot," said Mr. Campbell.

Despite all of Kinko's innovations, a successful public stock offering is no sure bet, of course.

But neither was getting even this far in the business world for Mr. Orfalea, who

had never envisioned Kinko's becoming a huge operation. As a 22-year-old with kinky red hair that inspired the business's name, he opened his first copying service in 1970, setting up shop behind a taco stand in Santa Barbara, California, to serve students at the University of California campus there.

When the company began expanding into a string of partnerships with individual investors in the late 1970s, Mr. Orfalea held a majority stake in each one. But his direct involvement in each store, which allowed for an informal corporate style, eventually became untenable.

The limitations of the company's ad hoc structure became painfully evident when Kinko's started adding data communications to its list of business services in 1996.

Because each region was producing at its own pace and installing various brands and technologies, the stores were frequently unable to meet the needs of traveling customers who wanted to use the same printing technology or software wherever they went.

Then, too, the company needed capital if it intended to compete in the emerging market for digital printing, in which high-speed color copying machines can cost \$100,000 or more.

In search of a solution, Kinko's board retained the investment firm of Goldman Sachs & Company in 1996 to help it find investors.

By the end of the year, Mr. Orfalea and his colleagues had selected Clayton, Dublier & Rice, the same private investment and management company that had taken IBM's struggling printer business and turned it into the publicly traded Lexmark in the 1980s.

Clayton, Dublier & Rice bought a third of Kinko's for \$219 million in early 1997 and rolled the partnership into a single corporate entity.







**WORLD ROUNDUP**

**German Fan Arrested**

**SOCER** German police on Monday arrested a man suspected of taking part in the assault of a French policeman, Daniel Nivel, in Lens last month.

Prosecutors said the police arrested the man at his home in Hamburg early Monday morning. An arrest warrant had been issued accusing the 24-year-old of attempted murder and causing serious injury. The prosecutors did not identify the man. They said he admitted he had been close to the attack on June 21 but denied assaulting Nivel.

"He is, however, heavily implicated in witnesses and photographs of the crime," the prosecutors' statement said.

Nivel has been in a coma since the attack after Germany's match against Yugoslavia. (Reuters)

**Doctor Gave Steroids**

**DRUGS** A former East German sports doctor admitted Monday that he gave steroids to swimmers, the first confession in a trial of six Communist-era sports figures charged with harming swimmers.

Dieter Binus, 59, said that the doses were too small to cause harm and that none of his athletes showed ill effects. Binus, another doctor and four East German coaches are charged with causing bodily harm to 19 young swimmers by giving them anabolic steroids. (AP)

**Amateur in Open Playoff**

**GOLF** Jenny Chuasiriporn, an American amateur, holed a 40-foot putt on the 18th green Sunday to force an 18-hole playoff with Pak Se Ri of South Korea in the U.S. Women's Open in Kohler, Wisconsin. Chuasiriporn and Pak, both 20, finished on 290, four over par.

On Monday, Chuasiriporn shot a 36 to lead by two shots halfway through the playoff. (AP)

**Coach Michels Is 'Stable'**

**SOCER** Rinus Michels, 70, who guided the Netherlands to the 1974 World Cup final, was in a "stable condition" in a Paris hospital Monday recuperating from a heart attack Saturday in Marseille after watching the Netherlands win its World Cup quarterfinal. (Reuters)

**England Clutches Draw**

**CRICKET** England salvaged a draw in the third test with South Africa when its last batsman clung on until the close of the final day Monday. England ended on 369 for nine, matching the total it needed to avoid an innings defeat.

England entered the last hour with only two wickets left. Darren Gough was out five overs from the end, but Robert Croft and Angus Fraser survived. (Reuters)

**Pele and Fontaine, Heroes of Past, Take Look at Present**

By Rob Hughes  
International Herald Tribune

**P**ARIS — They meet not quite as equals and not, yet, as the adversaries their nations might become when the World Cup final is played Sunday.

Pele, the maestro of three Brazil World Cup final victories, had a public coming together in Paris on Sunday with Just Fontaine, whose solitary World

**World Cup**

Cup for France eclipsed Pele and all players in one vital statistic. Fontaine scored 13 goals at the 1958 tournament in Sweden, and even Pele only accumulated a dozen goals in four World Cups.

Forty years on from their first World Cup, and in a world irrevocably changed by commerce, Pele and Fontaine met for a photo opportunity, and then shared more intimacy.

The credit card company for whom Pele is an ambassador had a cake baked in honor of the two former players. But after the publicity, in quiet elegance off

the Champs-Elysees, these two men could relax and talk soccer old and new.

Pele is, after Muhammad Ali, the most recognizable face on Earth. Fontaine, despite his deluge of goals, has lived out a life of somewhat lower profile in Toulouse. They needed about five seconds to show the bond of respect that long outlasts the kicking years. And maybe they required 15 minutes to discover that each, with his own appreciation of modern times, thinks that Brazil still produces the finest talents, but that at this World Cup it is France and the Netherlands who are playing the most harmonious styles.

They share the belief that the Dutch will either oblige Brazil to reach new heights of teamwork on Tuesday night in Marseille or lose the semifinal.

"Don't ask what is in my heart," Pele said. "You know I want to see Brazil against France in the final. But in my brain, I'm concerned because if Brazil has the best individuals, they don't know exactly what to do when they get the ball."

"At the last World Cup, coach Parreira didn't have such good individuals as now, but he organized a very nice

team. Here, they do not yet have a pattern. Everybody must respect Brazil because they have individuals who can change the game, but Holland as a team pass the ball really excellently, they move well and they control the play."

Fontaine, smiling away in the background, hid his time. "Holland and also France," he suggested.

"Yes, yes, France, too," agreed Pele. "These are the best organized attacking teams in the tournament. I'm happy to see the way they play because the technique and the tactics are very fine."

"The tactical" snuffed Fontaine. "I would enjoy the games more if the trainers, the coaches, gave forwards more chances. But they are cautious, these guys. They choose only two, sometimes only one forward. That's the reason France plays so imaginatively but doesn't score goals; when you are outnumbered like this it's almost impossible."

Old-timers, lamenting bygone days? I venture not. When teams have dared to attack Brazil, as Chile and Denmark did, we have had glimpses of true Brazilian flair.

Pele, of course, wants more. He re-

mains, at 57, a romantic to whom the claustrophobic caution around his game are anathema. Coach Mario Zagallo has to build a structure that will not be taken apart, for all its potential beauty, by more pragmatic foes.

But when Gus Hiddink, the Dutch coach, joins in the debate from afar, he too is saddened that Brazil trusts less in the ebb and flow of intuitive soccer. Hiddink has pleased at least one observer with his brave decision to bring Edgar Davids back into his squad even though Davids criticized Hiddink and the senior Dutch players at Euro 96.

"Davids," said Pele, "is an excellent midfielder player. I love the way he plays, close to the forwards. Brazil doesn't have the same speed in midfield, and it takes too long for the ball to come to Ronaldo. That's why Ronaldo had to come back to get the ball, and fortunately when he made the play Bebeto and Rivaldo were able to accept the chances."

If Pele were coach, he would leave out one of the anchors in Brazil's midfield — Dunga or Cesar Sampaio — and let Denilson, a free-running creative player, join Bebeto and Ronaldo in attack.

"I spoke to Zagallo on the phone," Pele said, "but he's cautious."

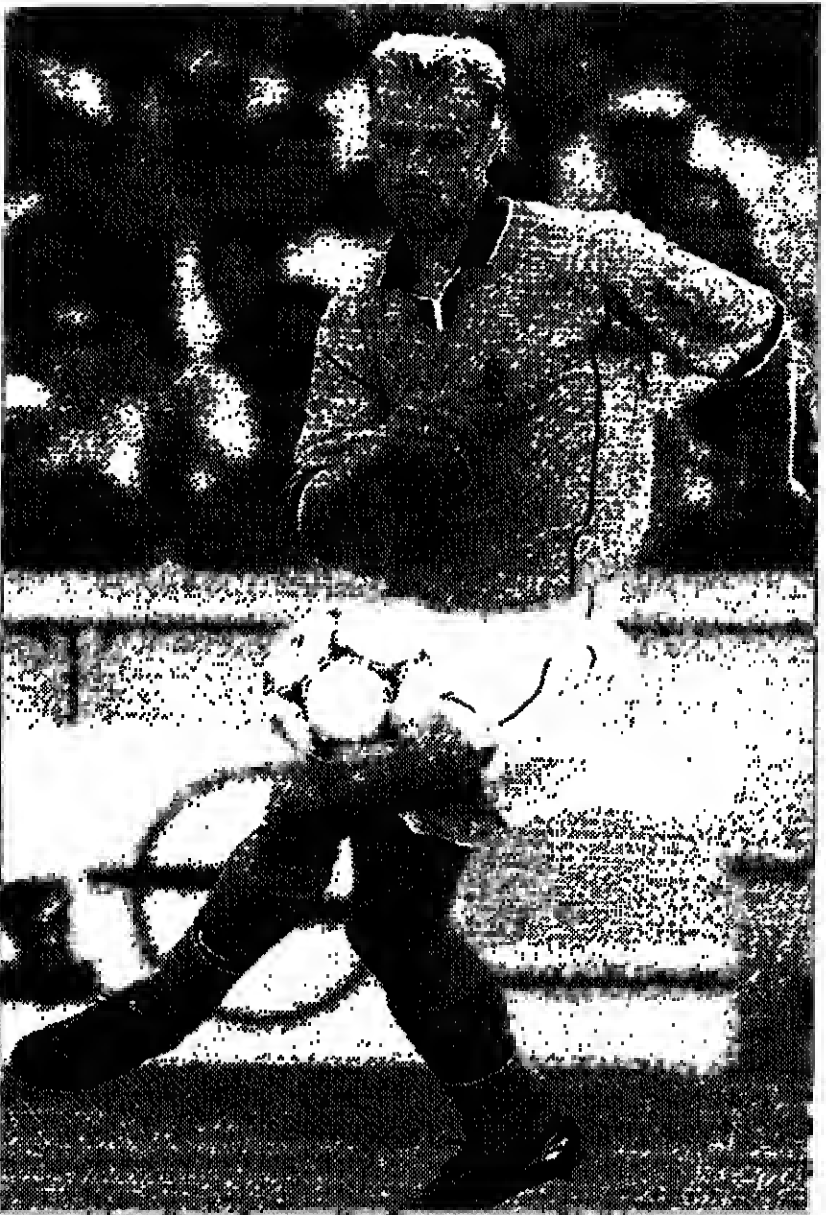
But then Zagallo is burdened with the onus of tournament victory. According to Pele, Dunga, the captain and organizer, has a knee problem. Aldair, the center back, is also ailing. And Brazil — his Brazil — should forewarn caution and risk all in playing to outscore the Dutch.

He noted, too, that the Dutch have a problem at left back, where Arthur Numan is suspended and Winston Bogarde, the replacement, is out with a broken ankle. At Pele's side but reacting to the conversation as an old player reacts to every kick on the field, Fontaine felt it time to say something.

"Losing Bogarde is a favor to the Dutch," he said. "He's no footballer, only an athlete! Cocu is better. He can play forward, midfield, back — that's a real player."

Pele said nothing. Either Fontaine had just mentioned another man who might deprive Brazil of the final, or he had picked his moment to put one more past Pele.

Rob Hughes is the Sports Correspondent of The Times of London.



The Dutch star Dennis Bergkamp controlling the ball against Argentina.

**DUTCH: Ronaldo Versus the 'Clockwork Orange' in a Semifinal**

Continued from Page 1

Chile took the game to Brazil, however, the Brazilians countered with their best demonstration of "the beautiful game" in this tournament and had little trouble winning, 4-1.

Brazil fully expected its semifinal opponent to be its archrival, Argentina, which instead lost to the Netherlands by 2-1 on Saturday. But as Brazil's coach, Mario Zagallo, said, "We cannot fight it. Our destiny is the Netherlands."

The Netherlands played a classic game against Brazil in the 1994 World Cup quarterfinals, recovering from a 2-0 deficit to tie at 2-2, only to have Branco send home a curling free kick. "It was a great goal," said the Netherlands' Ronald de Boer. "It was a pity."

In 1974, Brazil, then the defending champion, was beaten by the Dutch, 2-0. They played "artificially," according to Zagallo, Brazil's coach then as well.

It was the only time in five tries that Zagallo has not won the Cup with Brazil as either player, coach or team coordinator. As a result of that '74 meeting,

Brazil is trying to repeat as champion for the first time since 1958 and 1962.

Brazil's 1958 victory in Sweden was the only time a South American team has won the Cup in Europe.

That 1974 Dutch team, led by Johan Cruyff, went on to reach the final, where it surprisingly lost, 2-1, to West Germany, the host. Four years later, in Argentina, the Dutch again reached the final, and again it lost to the host, this time by 3-2.

Something small could play a large part in the outcome in Marseille. Daniel Passarella, Argentina's coach, said Brazil had the advantage over the Netherlands because of an extra day of rest. The Dutch were weary after Saturday afternoon's game in the heat, which they finished with 10 men; this should be a cooler night game which would suit them better.

Injuries and red-card suspensions would appear to favor Brazil. Two defenders are suspended: Brazil's Cafu and the Netherlands' Arthur Numan. But Numan's replacement, Winston Bogarde, broke his leg in practice on Sunday.

**Ze Carlos To Make Debut at 29**

Agence France-Presse

**MARSEILLE** — Ze Carlos will make his debut for Brazil at the age of 29 Tuesday in a World Cup semifinal. Even if Brazil beats the Dutch it could be a short international career for a player who has worked as a water meter salesman and a car mechanic.

Ze Carlos will play in place of Cafu, who is suspended for one match after receiving two yellow cards. Cafu would be available for the final and would undoubtedly reclaim his place.

Ze Carlos was added to the World Cup squad at the last minute because of injury to Flavio Cocco. This time last year he was playing in the second division of the Sao Paulo

state championship, a regional tournament populated by Ronaldo wannabes. He had never played top class soccer and had never been able to survive on his soccer salary, working part-time as a fruit seller and car mechanic.

He began his professional career with Sao Jose, a small club near Sao Paulo, in 1990 and after a succession of seasons in semi-professional teams, finally, at 28, Sao Paulo, one of the biggest Brazilian clubs, signed him a year ago.

The small but swift central defender caught the attention of Mario Zagallo, the Brazilian coach, and was included in the squad for a friendly in Germany in March. He bought his first suit for the trip, his first abroad.

**Results and Schedule**

QUARTERFINALS	
July 3, 19:00 (GMT)	Brazil 2, Denmark 0
July 4, 19:00 (GMT)	France 2, Netherlands 1
July 5, 19:00 (GMT)	Italy 2, Croatia 1
July 6, 19:00 (GMT)	Sweden 2, Czech Republic 1
SEMIFINALS	
July 7, 19:00 (GMT)	Brazil vs. Netherlands
July 8, 19:00 (GMT)	France vs. Italy
THIRD PLACE	
July 11, 19:00 (GMT)	Denmark vs. Czech Republic
FINAL	
July 12, 19:00 (GMT)	Brazil vs. France

When matches are drawn after 90 minutes, teams start to play two 15-minute periods of extra time. Play now stops immediately when one team scores in extra time — a "golden goal" for the winner, unless death for the loser. If no goal is scored in the 30 minutes, the match is decided by a penalty shoot-out.

**French Impressionism: Images of a Month of Chasing the Ball**

International Herald Tribune

**P**ARIS — After covering 18 matches in seven cities in 24 days, I have seen more than enough of trains, planes and red cards and not nearly enough of Zinedine Zidane, Denilson, Jay-Jay Okocha or the French countryside that lies between cities such as Montpellier and Toulouse.

The goals and near-goals are already starting to run together in memory — was it Baggio or Di Biagio who scored against Cameroon? — but a World Cup is not merely the sum of what happens on the field with the referee's watch running. Here are some snippets from a month of movement:

**Saint-Denis, June 10** Parisians are used to hearing mediocre music in the Metro, and a group of Scottish fans, in their kilts and "Tartan Army" T-shirts, are in full voice on the quai at the Mirosmesnil station.

But when their throaty version of "When the Scots go marching in," is met with polite restraint by a long, somber line of Wednesday commuters, the Scots huddle up and discuss a change in strategy. When they break ranks, they begin singing sweetly, "Frere Jacques, Frere Jacques, Dormez-vous? Dormez-vous?" Suddenly, the commuters are laughing.

**Marseille, June 11** I am looking for La Castellane, the housing project where the French star of Algerian heritage, Zidane, first learned to make a ball do his bidding. But I have taken another wrong turn in my rental car, so I stop and

**Vantage Point / CHRISTOPHER CLAREY**

ask for directions. "You're way off, young man," says Jean, an elderly Frenchman in a soiled cap. "I wouldn't go up there if I were you. There are only Arabs and blacks without jobs or scruples."

Despite this warning, Jean volunteers to show me the way in person, and as we drive toward La Castellane, with the powder blue Mediterranean in the distance, he informs me that he is a widower and retired taxi driver.

He is clearly nervous as we arrive and insists on staying in the locked car with "France Football" magazine and a cigarette as I head inside to talk to Zidane's older brother Farid.

"It's a neighborhood like any other neighborhood; it isn't what they want to make people believe," Farid says, gesturing at the concrete towers and the graffiti. "Certainly there are problems and troubles. But there is sometimes more warmth and humanity here than in a villa."

When I emerge Jean has rolled down the window in get some sun. "Still alive, I see," he remarked cheerfully.

**Marseille, June 10** It is well after midnight, and two Tunisian teenagers are standing in front of me with growling dogs on leashes.

"English?" they ask aggressively.

It is a had time to be English in Marseille. After 48 hours of broken windows and bottles and boogalooism,

the only belligerent men left on the streets are a few hundred French youths, mostly of North African descent, who are weapons looking for targets.

With the help of a business card and a Michael Jordan anecdote or two, I finally convince my interlocutors that I am indeed an American.

"The English had no business coming in here and trying to take over our city," one says. "We got a couple of them earlier tonight; put the dogs on them. If the police had not come, it would have been worse for them."

I arrive back at my hotel in nearby Aix-en-Provence, an affluent town whose bars are full of English fans who have fled Marseille and its curfew. In normal times, their singing and shouting would have been mildly amusing, but now it seems mildly sinister.

**Montpellier, June 17** Cameroon has sent a troupe of dancers and musicians to France to follow its team, and on the Place de la Comedie on a warm afternoon, a crowd gathers around the dancers, moving slowly and sensually in time with the drums.

Further on, another large crowd watches a giant screen television and a broadcast of Austria versus Chile. Unlicensed street merchants sell Italy trinkets. It is peaceful, even joyful and the few broken beer bottles are there because of clumsiness not malice.

**Paris, June 21** It is after 10 P.M. in the

bowels of the Gare du Nord and another group of people are gathered around two television sets. They are watching the second half of the Iran-U.S. game and they are enjoying themselves.

It is a group made up largely of Central Asian, Middle Eastern and North African immigrants who share, at least for tonight, a common objective. When an Iranian player breaks free to give Iran a 2-0 lead, they roar in appreciation.

"That will teach them, the Americans," a woman says.

When Brian McBride scores the lone American goal of the evening a few minutes later, there is only silence.

**Marseille, June 23** Brazilian fans are playing music near the old port: the sort of filling, intoxicating melodies that make you want to sell everything and move to Rio on a whim. The passers-by seem to be enjoying themselves, but just to be sure, one of the music makers stops and announces in French: "We are not English. We are here to make music, not trouble."

Later, on the field at the Stade Velodrome, a Norwegian man says "Ja" and a Brazilian woman says "Sim." Olvind Okeland and Rozan de Souza are nearing the end of a most public wedding ceremony, and when they seal their union with a kiss, it is replayed just as many times and from just as many angles on television screens as the penalty kick three hours later that gives Okeland's Norwegians a stunning victory over De Souza's Brazilians.

**Leans, June 28** The players are not the only ones who miss their targets during

the World Cup. The advertising mavens sometimes miscalculate, as well.

On the wall on a Lens street is a poster put up by a global sportswear company. It shows a picture of the French striker Christophe Dugarry with the word "Indestructible" printed boldly above his face. Unfortunately, Dugarry is out indefinitely with a leg injury.

Further on, is a picture of the French striker Ibrahim Ba, the World Cup spokesman for a global brand of candy bar. Ba was dropped from the French team before the World Cup began.

**Paris, July 2** In the streets below, car horns are blaring the news that the host nation has beaten Italy tonight, and inside our apartment, my wife and sister-in-law, who are French, are asking me questions about the French players.

For a change, these are not polite, let's-humor-him queries. For the first time since Yannick Noah's Davis Cup squad beat the Americans in 1991, I sense a connection forming with a French team. Predictable? Perhaps, but Parisians in particular are slow to embrace a common cause. Paris Saint-Germain, one of the better teams in Europe in recent years, rarely fills its 50,000-seat stadium.

There is a healthy skepticism about sport. Unlike the United States or Australia or the former Soviet Union, sport is not a significant part of the school curriculum and does not have a significant role in affirming national identity.

Though television audiences for sporting events are large, there is a



The French forward Zinedine Zidane at a training session Monday.

lingering belief that sport is anti-intellectual, a sop for the masses, an artificial, though admittedly useful, outlet for baser instincts.

But France has changed in recent years: its tastes and habits converging palpably with those of Americans.

There is also no doubt that, after a somber decade of high unemployment and economic and political stagnation, France could use a sign that it can succeed on a wider stage.

Aime Jacquet's multiethnic team of expatriates may not be every citizen's perfect metaphor for modern France, but for the moment, it is a metaphor that works. Just listen to the horns, and the earnest questions.

**World Cup Semi Final**  
**tune in tonight**  
23.00 (CET)

Eurosport, Europe's No.1 Sports TV Channel, available on cable and satellite



## SPORTS

## Yanks Add To Storied History

Their 61-20 Start Ties For Best This Century

David Cone, passed over for the All-Star Game, became only the second 12-game winner in the American League as the Yankees ripped the Baltimore Orioles, 1-0, in New York to complete the best first half of a season in the major leagues this century.

Cone (12-2) allowed a double and six singles in eight innings on Sunday to join the Texas Rangers' Aaron Sele as the league's only pitchers with a dozen victories. Mariano Rivera got the final three outs to notch his 22nd save and send the Yankees into the All-Star break with an astonishing 61-20 record.

The 61 victories through 81 games equals the most by a major league team in the 20th century. The 1902 Pittsburgh Pirates and 1907 Chicago Cubs each won 61 of their first 81 games.

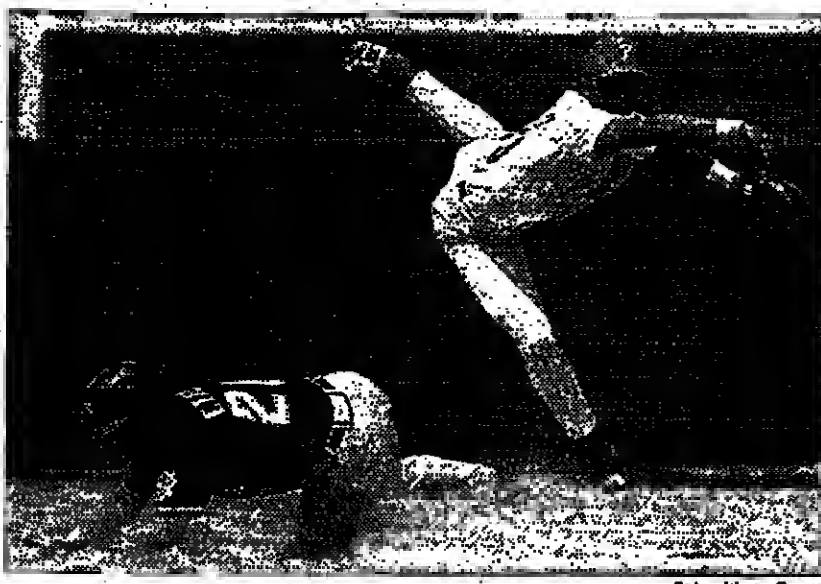
The Orioles starter, Scott Erickson (8-7), lost despite holding the Yankees to one run when he hit Chad Curtis with a pitch with the bases loaded.

Blue Jays 2, Devil Rays 1 In Toronto, Tony Fernandez singled in the go-ahead run with one out in the bottom of the eighth, and Roger Clemens became the 11th pitcher to reach 3,000 strikeouts as the Blue Jays edged Tampa Bay.

Clemens allowed one run and five hits over 7 1/2 innings. He finished with seven strikeouts.

Rangers 8, Mariners 4 Juan Gonzalez smacked a pair of two-run homers off Randy Johnson to become the second player in major league history to reach 100 runs batted in before the All-Star break as the host Rangers defeated Seattle.

With his 25th and 26th homers, Gonzalez increased his major league-leading RBI total to 101. Hank Greenberg is the only other player to reach the century mark by the All-Star break, driving in 103 runs before the 1935 mid-summer classic.



Deshaun Brown, the Phillies shortstop, firing to first after forcing Jeff Cirillo.

Indiana 12, Royals 3 Manny Ramirez hit a grand slam and a solo homer as the Cleveland Indians reached 50 victories with a romp in Kansas City.

Twins 5, Tigers 4 Todd Walker homered, and three relievers combined to allow just two hits over the final four innings as the host Twins held on.

Red Sox 15, White Sox 4 In Boston, John Valentin's RBI single broke a seventh-inning tie, and Darren Lewis followed with a two-run double for the Red Sox, who squandered an eight-run lead before pulling out the victory.

Astros 7, Rockies 4 Kevin Mitchell homered in the eighth to tie the game and drew a bases-loaded walk in the ninth to force home the winning run as Oakland edged the host Angels.

In the National League: Padres 7, Rockies 2 Andy Ashby was the picture of efficiency on the mound, and Greg Vaughn and Carlos Hernandez provided the power as the host Padres completed the first half of the season 26 games over .500.

Ashby needed just 75 pitches to record his career-high fifth complete game. Since teams began recording pitch counts in 1990, Ashby's total was the lowest for a complete game in the majors. Vaughn hit solo homers in the fourth and seventh to reach the 30-homer plateau.

Braves 3, Mets 2 Michael Tucker scored the winning run in Atlanta on a

hotly disputed play at the plate in the bottom of the 11th inning to lift the Braves to their eighth straight triumph.

With the bases loaded, Walt Weiss lined to shallow left, and Bernard Gilkey caught the ball and fired it home to the Met catcher, Mike Piazza, who appeared to have control of the ball when Tucker slid into him. But the plate umpire, Angel Hernandez, called Tucker safe, causing a heated protest from the Mets, to no avail.

Reds 6, Cardinals 1 Brett Tomko scattered six hits over six-plus innings, and Willie Greene had three hits, including a homer, to lead the Reds.

The Cardinals' Mark McGwire went 1-for-3 with a walk to finish the first half of the season with 37 homers.

Cubs 7, Pirates 6 Jeff Blauser had a two-run single, and Jose Hernandez had a two-run double in a five-run eighth inning as the Cubs rallied in Chicago.

Phillies 4, Brewers 3 In Philadelphia, Carlton Loewer pitched seven solid innings and Scott Rolen hit a three-run homer as the Phillies swept Milwaukee.

Mariners 2, Expos 1 In Montreal, Brian Meadows allowed one run over 6 1/2 innings as Florida edged the Expos.

Astros 5, Diamondbacks 2 Sean Bergman got his career-high eighth victory, and Brad Ausmus contributed a double and three RBI for the host Astros.

Giants 3, Dodgers 0 Shawn Estes scattered eight hits over 6 1/2 innings, and Bret Mayotte had three hits to lead the Giants in San Francisco.

## Sluggers Pause in the Maris Chase

Astonishing Home Run Contest Overshadows All-Star Game

By Murray Chass  
New York Times Service

DENVER — The All-Star Game festivities at Coors Field opened Monday night with the home run contest, but the whole baseball season has turned into a much bigger home run contest that will resume after Tuesday's All-Star Game, commanding the attention of fans and baseball people.

The pursuit of Roger Maris' 37-year-old record of 61 home runs in a single season dominated the first half of the season. It will get more intense as the games and weeks go by and the season approaches September, the 15th round of this heavyweight fight.

Mark McGwire. Ken Griffey Jr. Sammy Sosa. Take your pick, or sit back and enjoy as these magical hitters chase Maris and each other.

Not even the election of Bud Selig as commissioner Thursday can overshadow the significance of the home run chase for this season.

The first half of the season, was not consumed completely by McGwire and friends. The New York Yankees' start has been mind-boggling in itself. Not only are the Yankees threatening to shatter the Chicago Cubs' 92-year-old record of 116 victories, but they have also rendered their owner silent. Who can complain about a 61-20 record?

The Boston Red Sox have also had an impressive first half, but it's their typical luck that they should have this kind of season when the Yankees are playing so well. Boston's winning percentage would compute to 99 victories over a season, but that would get the Red Sox a wild-card spot at best.

The same division has also produced the most stunning development on the loss side of the ledger. With a \$69 million payroll, the highest in the sport's history, the Baltimore Orioles are still 26 1/2 games out.

The Seattle Mariners have been surprisingly bad, the Colorado Rockies have mysteriously lost their lust for offense, but their failures pale against the collapse of the Orioles.

Then again, no team has brewed an in-season transformation like the Los

Angeles Dodgers have. The Dodgers fired their general manager and manager, jettisoned their best pitcher and their best rookie and resurrected as interim general manager Tom Lasorda, the former manager who insists he bleeds Dodger blue. They still don't look, smell or feel like a coöterator.

The season has produced some scintillating individual performances besides the Maris matter. David Wells pitched a perfect game for the Yankees. Kerry Wood, an awe-inspiring rookie, struck out 20 for the Chicago Cubs at the age of 20. Greg Maddux of Atlanta leaped halfway to his fifth Cy Young Award with a 12-2 record and a 1.54 earned run average. Juan Gonzalez of Texas hit two home runs Sunday to enter the break with 101 runs batted in, making a threat to Hack Wilson's 68-year-old record of 190. Rickey Henderson, 39, leads the majors in stolen bases with 37.

But the most captivating and compelling numbers were 37, 55 and 61. McGwire, Griffey and Sosa. Greg Vaughn reached 30 with a pair of home runs on Sunday.

Griffey led the chase in mid-May, having hit 15 home runs in McGwire's 13. McGwire snatched the lead when he slugged his 16th on May 16 and then put some distance between himself and Griffey with a three-homer flurry at Philadelphia on May 19.

Sosa leaped into the competition by hitting 21 home runs in 22 games from May 25 through June 21. Griffey then produced his own hot streak, hitting seven in nine recent games.

"McGwire has always been a threat if he can stay healthy," said Andy MacPhail, the Chicago Cubs' general manager. "He might have broken the record prior to this year if he could have played with the frequency he's played with this year. I think he has to be the favorite if he can stay healthy. That's the primary question — not will he hit enough of them, but will he play enough?"

The home run derby clearly has aroused fans. Batting practice has be-

come a required part of any fan's attendance at a Cardinals game. In Cincinnati last Friday, the Reds' game with St. Louis drew 41,302, including 9,338 who bought their tickets that day.

Tom Kelly, the Minnesota coach whose Twins recently entertained McGwire, said: "I think it's fun. When McGwire was here last week, there was a big crowd for batting practice and a big crowd for the game, so obviously people want to see him."

In Chicago, Sosa has become a marquee — and an evening — idol. "It's remarkable, the chanting that goes on," MacPhail said. "The electricity when he comes to the plate has been remarkable. When he hit the ball across the street onto a porch, there was a sign the next day saying, 'Sammy was here.'"

As the challengers reached the All-Star Game break, though, there was one note of caution. McGwire, Griffey and Sosa hit no home runs Friday or Saturday, marking the first time since April 18-19 that none had hit a home run in two successive games when they all had hit any home runs in his last five games, and Sosa sat out Sunday's game.

Maybe it's a sign, maybe it's just a lull before the real storm. Whatever it was, Kelly said he did not believe anything had come close this season to competing with the Maris pursuit.

"In New York you had the inter-league play with the two teams," he said. "That was good for the city, but it hasn't got rave reviews anywhere else. I'm sure the New York record is some sort of topic in New York, too, but they're not talking about it here."

Fans in many places are finding baseball the thing to do this summer. The Dodgers and the Giants drew 98,000 fans for their first two games in San Francisco over the weekend. In Southern California, the Oakland Athletics and the Angels played their first two games before 83,000, while the Colorado Rockies and the Padres attracted 102,000 for two games in San Diego, including the majors' biggest crowd of the season on Saturday night, 61,148. McGwire, Griffey and Sosa didn't play in any of those games.

## SCOREBOARD

## BASEBALL

## MAJOR LEAGUE STANDINGS

EAST DIVISION					Cincinnati	
	W	L	Pct.	GB		
New York	61	20	.753	0	Quinnell (D)	
Boston	52	29	.642	11	W-Orranell	
Toronto	46	35	.567	18	St.-Meyers	
Baltimore	39	42	.475	25	St.-Meyers	
Tampa Bay	34	47	.419	28	New York	
CENTRAL DIVISION					St.-Albans	
Cleveland	50	31	.617	0	2, St.-Albans	
Minnesota	46	35	.567	4	Chicago	
Kansas City	38	43	.463	12	St.-Albans	
Chicago	35	46	.432	15	Norwottic	
Detroit	34	47	.419	16	69, H. Henry	
WEST DIVISION					Albany, N.Y.	
Anaheim	49	37	.570	0	Hatfield-W.	
Texas	49	39	.558	1½	St.-Gaston	
Oakland	41	45	.477	7½	11, Orlean	
Seattle	37	51	.420	13	Cleveland	
NATIONAL LEAGUE					Cleveland	
	W	L	Pct.	GB		
Atlanta	59	22	.728	0	Kansas City	
New York	44	37	.543	15	at Wright	
Philadelphia	43	38	.530	16	Orlean City	
Kentucky	39	42	.475	20	at Pittsburg	
Florida	32	49	.395	27	at St.-Louis	
CENTRAL DIVISION					Kansas City	
Houston	53	34	.609	0	2, Kansas City	
Chicago	49	39	.558	5	Detroit	
San Diego	43	42	.506	10	at St.-Louis	
St. Louis	40	46	.465	12½	at St.-Louis	
Pittsburgh	40	48	.455	13½	at St.-Louis	
Cincinnati	39	50	.438	15	at St.-Louis	
WEST DIVISION					at St.-Louis	
San Diego	52	31	.626	0	at St.-Louis	
San Francisco	52	33	.584	5½	at St.-Louis	
Los Angeles	43	43	.500	12½	at St.-Louis	
Colorado	37	52	.416	20½	at St.-Louis	
Arizona	30	58	.341	27	at St.-Louis	

## AMERICAN LEAGUE

NEW YORK	61	20	.753	0
Boston	52	29	.642	11
Toronto	46	35	.567	18
Baltimore	39	42	.475	25
Tampa Bay	34	47	.419	28
CLEVELAND	50	31	.617	0
Minnesota	46	35	.567	4
Kansas City	38	43	.463	12
Chicago	35	46	.432	15
Detroit	34	47	.419	16
WEST DIVISION	W	L	Pct.	GB
Anaheim	37	44	.456	0
Texas	36	45	.443	1
Oakland	31	50	.388	5
Seattle	27	54	.333	10
NEW ENGLAND	W	L	Pct.	GB
Boston	52	29	.642	0
Toronto	46	35	.567	11
Baltimore	39	42	.475	18
Tampa Bay	34	47	.419	25
CLEVELAND	50	31	.617	0
Minnesota	46	35	.567	4
Kansas City	38	43	.463	12
Chicago	35	46	.432	15
Detroit	34	47	.419	16
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Chicago	35	46	.432	15
Detroit	34	47	.419	16
NEW ENGLAND	W	L	Pct.	GB
Boston	52	29	.642	0
Toronto	46	35	.567	11
Baltimore	39	42	.475	18
Tampa Bay	34	47	.419	25
CLEVELAND	50	31	.617	0
Minnesota	46	35	.567	4
Kansas City	38	43	.463	12
Chicago	35	46	.432	15
Detroit	34	47	.419	16
NEW ENGLAND	W	L	Pct.	GB
Boston	52	29	.642	0
Toronto	46	35	.567	11
Baltimore	39	42	.475	18
Tampa Bay	34	47	.419	25
CLEVELAND	50	31	.617	0
Minnesota	46	35	.567	4
Kansas City	38	43	.463	12
Chicago	35	46	.432	15
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NEW ENGLAND	W	L	Pct.	GB
Boston	52	29	.642	0
Toronto	46	35	.567	11
Baltimore	39	42	.475	18
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## NATIONAL LEAGUE

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ATLANTA	(98)	1-Atlanta, 1-4, 5 Young (22).
ATLANTA	(99)	1-Atlanta, 1-4, 5 Young (22).
ATLANTA	(100)	1-Atlanta, 1-4, 5 Young (22).

## CRICKET

South Africa vs. England  
TWO TESTS, 5TH ASHES TEST, 1ST DAY  
South Africa: 183-5 declared  
England: 183-5 declared  
Result: South Africa and England drew.  
South Africa leads series 1-0.

## SOCCER

## CHAMPIONS' LEAGUE

Qualifying Round  
First Round  
1. Celtic (Soc) vs. St. Patrick's Athletic (Ire).

## CUP WINNERS' CUP

Round 1  
Raiders (Ire) vs. Shamrock Rovers (Ire)  
Vodice (Cze) vs. Hibernian (Sct)  
Limerick (Ire) vs. Shamrock Rovers (Ire)  
Cork City (Ire) vs. Shamrock Rovers (Ire)  
First leg on July 22, Second leg on July 29.

## TENNIS

ATP RANKINGS  
1. Pete Sampras, United States 3825 points.  
2. Andre Agassi, United States 3612.  
3. Andre Kuznetsov, Czech Republic 3344.

## TRANSITIONS

Baseball  
MINNESOTA: Signed RHP Scott Erickson to 1-year contract.  
SEATTLE: Signed LHP Matt Thornton to 1-year contract.  
TAMPA BAY: Signed OF Rich Rodriguez to 1-year contract.  
DALLAS: Signed C Jay Carbonetto and D Craig Lundy to 1-year contracts.  
C. Kelly Farland to 2-year contract, and LHP Greg Lee to 3-year contract, agreed to terms with RW Brett Hull.  
EDMONTON: Re-signed Glen Sather, general manager, to a multi-year contract, signed D Tom Pro.

## BASEBALL

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EDMONTON: Re-signed Glen Sather, general manager, to a multi-year contract, signed D Tom Pro.

## DENNIS THE MENACE



"WANT ME TO TOUCH 'EM FOR YOU, GRANDPA?"

## PEANUTS



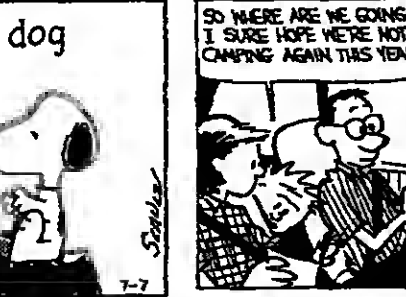
He began to feel uncomfortable with others in the family.

## CALVIN AND HOBBES



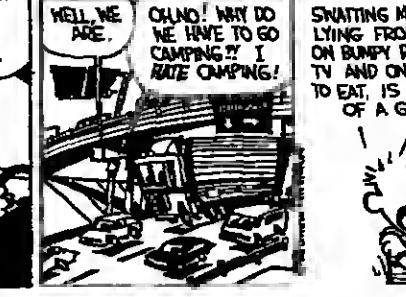
He knew it was important for those who share a home to have similar moral values.

## WIZARD OF ID



DO YOU HAVE A PENSION PLAN?

## NON SEQUITUR



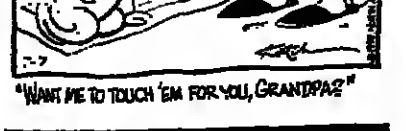
OUR BEST GUESS IS THAT IT WAS SOME SORT OF LATE 20TH CENTURY PRISON.

## DOONESBURY



SURE I CAN'T SHOW YOU AROUND HERE, BUT I'M A BUSY MAN.

## JUMBLE



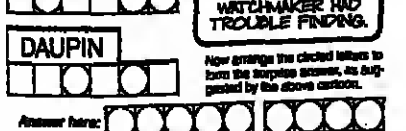
THAT SCRAMBLED WORD GAME by Matt and Anne Appleton

## EMSO



What's the word?

## MILT



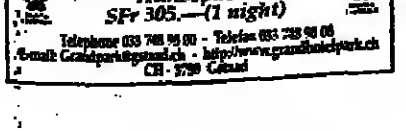
What's the word?

## ABENN



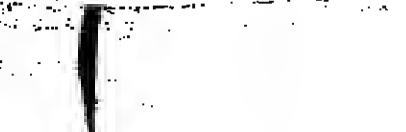
What's the word?

## DAUPIN



What's the word?

## GRAND HOTEL PARK



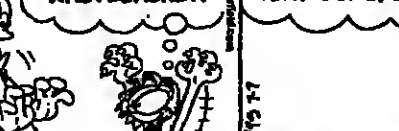
Meeting at its Best in a Discover &amp; Luxurious Atmosphere

## BEETLE BAILEY



DO YOU HAVE TO WEAR THAT OUTFIT TO GO ROLLER-BLADING?

## BLONDIE



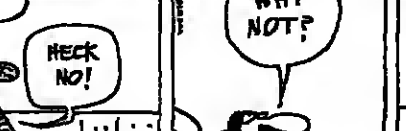
WHEN ARE WE GOING TO EAT, HONEY?

## FUTURE ARCHAEOLOGY



OUR BEST GUESS IS THAT IT WAS SOME SORT OF LATE 20TH CENTURY PRISON.

## DOONESBURY



SURE I CAN'T SHOW YOU AROUND HERE, BUT I'M A BUSY MAN.

## DOONESBURY



SURE I CAN'T SHOW YOU AROUND HERE, BUT I'M A BUSY MAN.



ART BUCHWALD

## Quips Over Cocktails

MARTHA'S VINEYARD, Massachusetts — Once again it is summer and everyone needs one-liners when going to the inevitable cocktail party or cookout. Here are some you can take with you and drop on the other invitees:

"Every time the Clintons come to the Vineyard we have to paint our house."

"Ken Starr wanted to rent our beach cabana but he couldn't produce any references."

"I am not worried about the Indians in India getting the hydrogen bomb. I'm worried about the Indians in Connecticut getting it."

"Everybody thinks we're hot stuff because we live on Martha's Vineyard, but we suffer from poison ivy just like the swell people in East Hampton."

"Would you like to see what tobacco did to my teeth?"

"I played golf with Vernon Jordan, but he didn't offer me a job."

"I don't want to live in a world with a sick Japanese yen."

"My son is in Linda Tripp's wire-tapping class."

"I say if the Chinese want to donate money to our presidential elections then we owe them a favor."

"I would rather have my kid take a gun to school than a Nintendo game."

"I love Michael Jordan's eau de cologne."

"My daughter is trying to get a job posing with milk on her lips."

"We made \$50 million in the stock market this year, and it was not the money but the fun of making it that gave us so much pleasure."

"We send all our thank-you notes by e-mail."

"I won't tell you any jokes about Bill Clinton if you don't tell me any jokes about Newt Gingrich."

"Viagra is an acquired taste."

"I just saw a poll on television that said 1 billion Chinese people think that Clinton is doing a good job."

"Every time my husband pilots a passenger plane he doubles his dose of Prozac."

## Rome Recovers Stolen Paintings

ROME — Two paintings by Vincent van Gogh and one by Paul Cezanne, stolen by masked gunmen from the National Gallery of Modern Art in Rome in May, have been recovered and eight people, including a security guard at the museum, have been arrested, Italian officials said Monday.

Italo Ormanni, assistant prosecutor in Rome, said Van Gogh's "The Gardener" and "L'Arlesienne" and Cezanne's "Le Cabanon de Jourdan" were found wrapped in blankets in private apartments in Rome and Turin after seven weeks of investigations.

Ormanni said the police had identified the robbers — all Italian — a month ago but had moved cautiously to avoid damage to the paintings. "The gang was made up of professionals with previous convictions for robbery and crimes against the nation's cultural heritage," he said.

## Will Patton: Teetering on the Brink of Stardom

By Justine Elias  
New York Times Service

NEW YORK — For the actor Will Patton, it's the end of the world. Again.

In the course of some 30 films, he has endured postapocalyptic mail carriers, squishy parasites from outer space and the wrath of God, so the next scourge — an asteroid the size of Texas, headed straight for Earth — should be no trouble.

Patton is appearing in "Armageddon," which stars Bruce Willis.

Though audiences may be drawn most to the film's fiery special effects, Patton's supporting performance is likely to bring more attention to his idiosyncratic career, which has encompassed off-Broadway plays ("Fool for Love" and "A Lie of the Mind," both by Sam Shepard); art films ("The Rapture," a drama about divine judgment); obscure science-fiction movies ("The Puppet Masters," with the squishy parasites); and surprise commercial hits ("Desperately Seeking Susan").

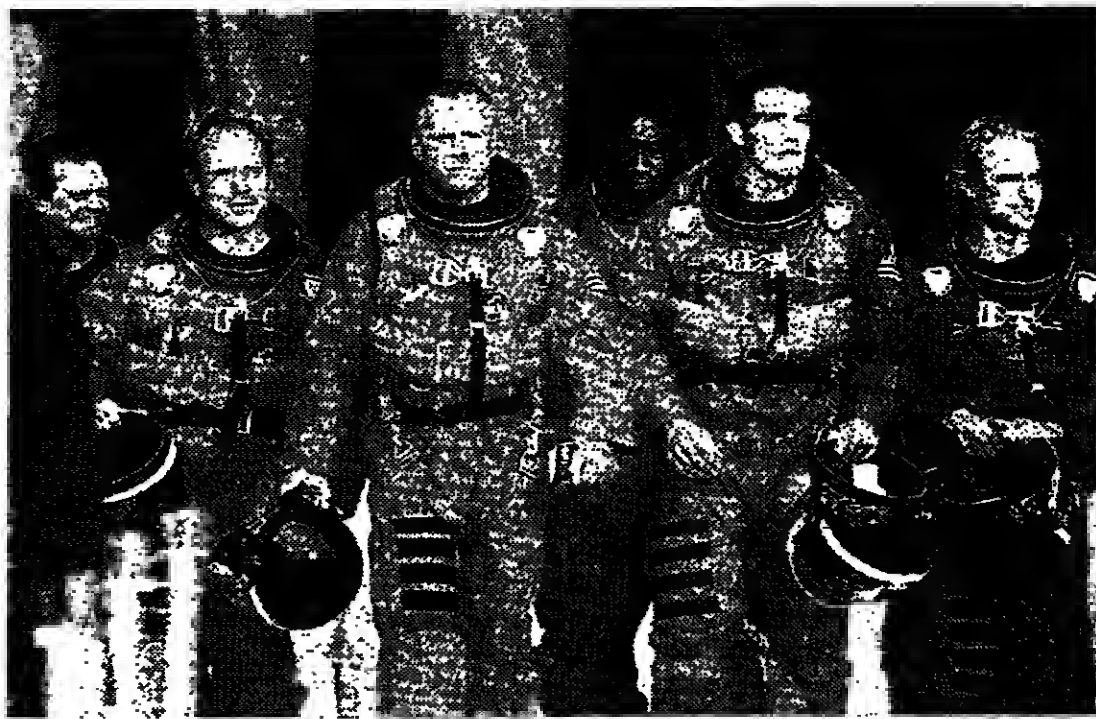
He may be best known as the scheming Pentagon aide in "No Way Out," the 1987 political thriller starring Kevin Costner, and as the sinister police officer in "The Client."

In "Armageddon," released by Touchstone, Patton portrays Charles (Chick) Chapple, one of 13 oil-rig workers drafted by NASA for a mission to intercept and destroy a killer asteroid. Patton, 44, plays the hero's beatifically calm best friend.

"I can't play anything until I find something that connects to my life, something I can carry as my secret map or code for the character," he said.

Establishing a link to his role in "Armageddon" was not difficult. As a 19-year-old aspiring actor, drifting about the country and picking up odd jobs to pay his way to New York, he found work cleaning up an oil spill on the Mississippi River.

Patton and his fellow day laborers were paid to lean off the



Patton, second from left, and friends in "Armageddon," Hollywood's latest doomsday thriller.

edge of a barge and, using giant mops, scoop up the oil slick.

"It was kind of anonymous," he said. "As the boss was leaving in his motorboat, he said, 'Oh, by the way, if you fall in, you'll be sucked right under.'"

Patton seemed to be on the verge of telling more stories of those days when he paused — and said he would rather keep most of the details about his life to himself.

He has spent the last month driving from Los Angeles back home to New York. Along the way, he stopped in Idaho to do one day's work on "Breakfast of Champions," an independent film directed by Alan Rudolph and starring Albert Finney.

"In a way I feel completely frightened of dealing with other human beings at all, yet here I am sticking my face in front of a movie

camera all the time," Patton said.

Though some describe Patton as a bit reclusive, Holly Hunter, who first met him in the 1980s, when both were stage actors in New York, disagreed.

"Will is unbelievably charismatic, and he has a certain mystique," said Hunter. "At first I admired him from afar." She said, "I was completely taken with who he seemed to be in that play; a fantasy, of course, a complete female fantasy."

As Hunter's career soared, she twice sought Patton as a co-star in a 1987 television movie, "A Gathering of Old Men," and in the 1995 murder mystery "Copycat," in which the two played San Francisco police detectives.

Patton is well-known for his work in more than 40 plays in New York, including experimental works with Joseph Chaikin as well

as the two by Shepard, and has won three Obie awards. But he is also a favorite among film directors, both maverick and mainstream.

Nicolas Roeg, who directed Patton in the little-seen spiritual thriller "Cold Heaven," called him a "marvelous, spontaneous actor."

Patton has volunteered for some uncomfortable jobs. He told Michael Bay, the director of "Armageddon," to put him "wherever there's fire, or explosions, or oil falling all over us, that's where I want to be, because that's what this movie is all about."

But one of his favorite roles was in "Cold Heaven," in which he played a priest.

Born in Charleston, South Carolina, Patton is the oldest of three children. His father was a Lutheran minister and later a chaplain at Duke University. When he was a small

child, his parents ran a foster home for wayward teenage boys on the family farm near Charleston, and every Saturday night the boys put on plays and revues in the barn.

"I must have been about 5 years old," Patton recalled, laughing. "I don't know what they were doing, but they brought me out on stage."

"And I had on this little hula skirt, and women's eye makeup, and something done to my hair. And I remember the whole house full of juvenile delinquents and me both having this moment of ecstasy. I think that's where it all went wrong."

His interest in acting was also fueled by his father's love of movies and theater.

After attending public schools in North and South Carolina, and studying writing, painting and theater at the experimental Hampton Day School on Long Island, Patton spent a year at the North Carolina School for the Arts before dropping out and heading for New York.

One of his first breaks was a yearlong stint on the daytime television drama "Ryan's Hope," playing Oz Knowles, a race-car driver.

Small roles in two New York-based independent films — "After Hours" and "Desperately Seeking Susan" — soon followed, and he seemed to be on the edge of stardom. But when Patton's next film, "No Way Out," became a hit, he was far from Hollywood, starring in the New York and London productions of Shepard's "Lie of the Mind."

His performance in "No Way Out" had impressed the film's star, Costner, who soon began to write, produce and direct his own films.

Costner called on Patton to play his adversary in "The Postman," one of last year's most unsuccessful films, both critically and commercially.

"People in my position are wise to cast actors like Will," Costner said. "He's a powerful presence, a leading man, not just a convenient character for the so-called good guy to knock down."



Prince Charles, right, chatting backstage with Richie, left, and Duchovny.

AN open-air concert for a charity set up by Prince Charles attracted more than 100,000 people to Hyde Park for almost eight hours of nonstop entertainment, with 22 top acts from Boyzone to Tom Jones. Charles, whose Prince's Trust helps up to 150,000 young people each year, was cheered by the crowd when he arrived. A spokesman for the organizers said: "We hope to raise at least £500,000 for the Prince's Trust, but that figure could top £1 million once television rights are sold." The prince chatted with Lionel Richie and the X-Files star David Duchovny and met the performers backstage after the event.

Julian Lennon, who was one of the performers for the Hyde Park concert, has accused Yoko Ono of cheapening John Lennon's legacy with too much blatant commercialism. But he insisted there was no rift between him and his half-brother, Sean, and suggested the two could one day play in a band together. Both recently released albums on the same day, prompting media speculation of sibling rivalry. But Julian Lennon firmly quashed any rumors of a rift: "I absolutely love him to death."

The Paris Opera Ballet will mark the end of an era when Charles Jude takes center stage for his final starring role after 23 years. Jude, who turns 45 on July 25 — the usual retirement age for the Opera's male ballet dancers — will star in "Giselle" at the Palais Garnier for the last time on July 9. Elisabeth Platet is leading lady to his Prince Albrecht, in the last of the current "Giselle" season. While Jude has not ruled out a future guest appearance with the Paris ballet, he now intends to concentrate on directing the Bordeaux Opera Ballet, which he took over last season.

After Beijing relented, the Chinese film director Zhang Yuan has arrived at the summer arts festival in Spoleto, Italy. Zhang missed the opening of his play "East Palace, West Palace," which deals with homosexual life in

Beijing and was forbidden in China. He was initially barred from leaving China to travel to the festival.

Athina Roussel, granddaughter of the late shipping magnate Aristotle Onassis, began a holiday in Greece "to search for her roots," her family said.

Athina, 14, was to spend a week with her father and stepmother and their three children cruising in Greek waters. The Roussel family lives in Switzerland.

The Archbishop of York, David Hope, has criticized what he called an "element of wallowing" over the memory of Diana, the Princess of Wales. The last thing the princess would have wanted was a museum about herself, he told the Sunday Times.

He added that he was taken aback by television pictures of the Diana museum opened this week by her brother, Earl Spencer, at the Spencer family estate in central England. Describing the museum as inappropriate, he was quoted as

saying: "Her museum would be people — lives changed, wounds healed, bodies remodeled and remade. That is why she would have wanted." The archbishop said people who mourned Diana after she was killed in a car crash last Aug. 31 in Paris, had to move on. "We need to beware of clinging to the icon," he said. "There is some element of wallowing in her death."

Madonna is to star in a British production of "Cat on a Hot Tin Roof" in London, according to a report in The Guardian. The newspaper said the pop superstar and actress will play "Maggie the Cat" in Tennessee Williams's play at the Piccadilly Theatre for the low-budget Peter Hall company.

The U.S. ambassador to Ireland, Jean Kennedy Smith, will be given honorary Irish citizenship. Prime Minister Bertie Ahern made the announcement at a party in Dublin marking the end of the ambassador's five-year stay.



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